

High Skills, High Wages

WASHINGTON STATE



2006

Workforce Training and Education Coordinating Board

Our Vision

Washington's Workforce Training and Education Coordinating Board is an active and effective partnership of labor, business, and government leaders guiding the best workforce development system in the world.

Our Mission

The Workforce Training and Education Coordinating Board's mission is to bring business, labor, and the public sector together to shape strategies to best meet the state and local workforce and employer needs of Washington in order to create and sustain a high-skill, high-wage economy.

To fulfill this Mission, Board members, with the support of staff, work together to:

- Advise the Governor and Legislature on workforce development policy.
- Promote a system of workforce development that responds to the lifelong learning needs of the current and future workforce.
- Advocate for the nonbaccalaureate training and education needs of workers and employers.
- Facilitate innovations in workforce development policy and practices.
- Ensure system quality and accountability by evaluating results and supporting high standards and continuous improvement.

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January 2007

Dear Governor Gregoire and Members of the State Legislature:

We are pleased to forward the 2006 edition of *High Skills, High Wages: Washington's Strategic Plan for Workforce Development*.

High Skills, High Wages sets four goals for the state's workforce development system.

1. *Youth*: Ensure all Washington youth receive the education, training, and support they need for success in postsecondary education and/or work.
2. *Adults*: Provide Washington adults (including those with barriers to education and employment) with access to life-long education, training, and employment services.
3. *Industry*: Meet the workforce needs of industry by preparing students, current workers, and dislocated workers with the skills employers need.
4. *Integration*: Integrate services provided by separately funded workforce development programs so that we provide the best possible service to our customers.

In order to achieve these four goals, our 2006 plan includes 18 objectives and 63 strategies that identify the lead entities responsible for implementation. All of the goals, objectives, and strategies are important, and we are committed to carrying them out during the next two years and beyond.

The strategic opportunities include:

1. *Increasing high school graduation rates*: About 74 percent of ninth graders graduate on time with their class. The numbers are even lower for some racial and ethnic populations. Those who do not graduate are subject to a lifetime of lower wages. The state must build on the success of community partnerships that implement effective dropout prevention and retrieval programs and hold schools accountable for engaging and retaining students through graduation. While schools are raising their expectations of students, they need to demonstrate the relevance of education, including strong career and technical education programs.
2. *Expanding the availability of career pathways that span secondary and postsecondary education and training*: Career pathways offer students career and technical education in a career cluster; incorporate rigorous academic, as well as technical content; span secondary and postsecondary education and training; and lead to an industry-recognized credential. The reauthorized Carl Perkins Act requires schools receiving federal career and technical education dollars to have at least one career pathway (also referred to as a program of study). Pathways increase opportunities for students to enter postsecondary education and training and high-skill, high-wage careers.

3. *Increasing postsecondary training capacity:* The state must increase postsecondary education and training capacity if we are to close the gap between the need of employers for skilled workers and the supply of Washington residents prepared to meet that need. Fifty-one percent of employers who attempted to hire workers in 2005 said they had difficulty finding qualified applicants. The largest gap is at the subbaccalaureate level. Capacity must be expanded at community and technical colleges, apprenticeship programs, and private career schools.
4. *Increasing financial aid and retention support for workforce education students:* If all segments of our state population are to have access to postsecondary training, we must increase financial aid and retention support. Financial barriers are the number one reason why Washington residents do not access postsecondary training. In addition to financial aid, many individuals need support services, such as child care, in order to access training and stay in training until completion.
5. *Increasing Adult Basic Education Skills and English as a Second Language instruction that is integrated with occupational skills training:* Integrated, or “blended,” instruction is more likely to lead to wage gains for participants than basic skill programs that do not include an occupational component. Without education and training opportunities, the state’s illiterate populations, immigrants, low-income workers, and the unemployed can be stuck in dead ends.
6. *Improving coordination between workforce and economic development in key economic clusters:* An economic cluster is a sector of the economy in which a region has demonstrated it has a competitive advantage by a high geographic concentration of firms and employment. Public investments in clusters are more likely to pay off than investments in other economic sectors since clusters have already demonstrated success in the market. Clusters provide an organizing principle around which the state and local areas can successfully coordinate workforce and economic development efforts to the advantage of Washington employers and workers.
7. *Expanding and sustaining skill panels:* An industry skill panel is a partnership of business, labor, and education and training providers in an economic cluster. Skill panels harness the expertise of their members to identify skill gaps and devise solutions to close the gaps. The partnerships foster innovation and enable industries and public partners to respond to and anticipate changing needs quickly and competently.
8. *Expanding customized training for current workers:* With the accelerating pace of technological advances and globalization, there is increasing need to train and retrain current workers to keep pace. Customized training prepares workers with the latest skills required to meet the needs of a particular employer or set of employers, enabling businesses to be competitive. Even with recent investments, Washington lags far behind other states in publicly supported customized training.
9. *Expanding the availability of the Work Readiness Credential:* Washington is working with the U.S. Chamber of Commerce, major national industry representatives, and other states to establish a certification of work readiness as defined by employers for entry-level jobs. The Work Readiness Credential will enable job seekers to demonstrate to prospective employers that they have the knowledge and skills needed for successful performance as entry-level workers. These skills include the ability to: complete work accurately, work in teams to achieve mutual goals and objectives, follow work-related rules and regulations, demonstrate willingness to work and show initiative, and display responsible behaviors at work.

10. *Developing state and local agreements on service integration:* WorkSource, Washington's one-stop system for employment and training programs, provides access to 19 programs. Integrating services from such a large array of programs is a continuing challenge. In order to advance integration, the Workforce Board will coordinate the development of statewide agreements on integration among partner agencies and programs. The agreements will indicate what partner agencies and programs will do to support the integration of workforce development services. The goal of this effort is to improve services to customers.

To take advantage of these strategic opportunities, workforce development programs must function as a system. Our success will depend on an unprecedented degree of collaboration among public agencies and institutions, local workforce development councils, WorkSource centers, public and private providers of training and education, community organizations, employers, students, unions, and workers. The stakes are high; the potential rewards for our state are even higher.

We look forward to working with you to implement this ambitious agenda for positive change.

Sincerely,



David Harrison
Board Chair



Charlie Earl
Executive Director, State Board
for Community and Technical Colleges



Janet Lewis
Representing Labor



Rick Bender
Representing Labor



Julianne Hanner
Representing Business



Karen Lee
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Tony Lee
Representing Target Populations



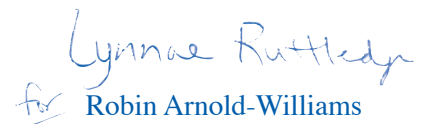
Beth Thew
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High Skills, High Wages 2006

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High Skills, High Wages

Washington's Strategic Plan for Workforce Development

2006

TOMORROW'S ECONOMY

High Wages for the Highly Skilled

Washington's economy, like that of the U.S. economy as a whole, is continuing its transition from one based mainly on the production of goods to one based more and more on knowledge and information. This emerging knowledge-based economy has increased demand for workers with more advanced skills and higher levels of education than in the past. The upside of these changes is that many of these jobs are not only the fastest growing, but also the best paying. To obtain these jobs, workers will generally require some form of postsecondary education or training; they will not, however, usually need a four-year degree.

Technological advances and globalization have fostered significant changes in workplace technology and in the way that workplaces are organized. Employers have invested heavily in technology, especially information technology (IT), and have instituted high-performance workplace practices such as teaming and quality improvement. However, these changes flourish only where there are workers with the requisite skills. If Washington wants its citizens to enjoy high-paying jobs, we must prepare people to use current and emerging technologies and to function effectively in high-performance workplaces.

Global competition is intensifying, and outsourcing of knowledge work overseas has raised concerns about our future. Economists believe our economy will continue to

generate good jobs, but, to take advantage of new opportunities, Americans must achieve higher levels of education and training.

Even during the recent economic downturn, employers reported a shortage of job applicants with the skills required for the contemporary workplace. In the current stronger labor market, these skills shortages will become even more severe. The state's workforce training and education system faces the challenge of preparing enough workers with the kinds of skills employers are looking for.

Education and training are key ingredients to economic growth and competitiveness. Our willingness to invest in educating and training our people will largely determine the long-term rate of growth for Washington's economy. These investments will also help narrow the wide gap in earnings that has arisen across workers with different skill levels.

The National Economic Recovery

In late 2002, the nation began to recover from the 2001 recession. Early on, the recovery was fueled by increases in productivity (i.e., output per worker), resulting in more goods and services. There was, however, little creation of new jobs. It was not until late 2004 that the recovery was coupled with large increases in jobs.

National non-farm payroll employment¹ rose 1.5 percent in 2005 from 1.1 percent in 2004.² The forecasts assume a slightly slowing trend in employment growth: 1.5 percent in 2006 and 1.4 percent in 2007 and again in 2008.³ The unemployment rate for 2005 was 5.06 with

forecasts of 4.7 in 2006 and 4.83 in 2007.⁴ The forecasts for Gross Domestic Product (GDP) are for growth rates of 3.3 percent in 2006 and 3.0 percent in 2007, following a 3.5 percent rate in 2005 and 4.2 percent in 2004.⁵

Washington's Economy

Washington State's economy was especially hard hit by the last recession. Job growth, however, began in earnest in 2004 and continued to grow through 2006, although at a slower pace than in 2005. Washington's job recovery has been outpacing that of the nation. Between July 2005 and July 2006, non-farm employment increased by about 81,500 jobs, a 2.9 percent increase.⁶ Over-the-year gains were widespread by sector (see Figure 1). Construction led all other industries with 16,900 new jobs, the large majority in the specialty trades. The gains in employment were triggered by the booming housing market.

Professional and business services added 16,000 jobs. While increases were experienced across the subsectors, the largest was in employment services (6,900). Retail and wholesale trade sectors added 9,400 jobs with

most of that increase in retail (6,400). Manufacturing employment increased by 9,100 jobs, most in aerospace (5,200). Leisure and hospitality industries added 8,100 jobs, with 8,200 in accommodation and food services offsetting a loss of 100 in arts, entertainment, and recreation jobs. Education and health service industries added 7,900 new jobs, all in health services and social assistance jobs.

In addition to employment gains, Washington had a seasonally-adjusted unemployment rate in July 2006 of 5.3 percent, a decline of 0.2 percent since July 2005. The estimated number of unemployed workers declined from 182,400 to 175,500. Washington's economy experienced these decreases in the unemployment rate despite adding 42,300 individuals to the labor force.⁷

Long-Run Trends Increase Skill Requirements

There are two major economic trends that have been and are expected to continue to affect our future workforce—technological advances and globalization. These trends will continue to increase the demand for more highly- and differently-skilled labor. Keeping up with this demand will pose stiff challenges for both our economic competitiveness and social cohesion.

Technological Advances

Over the years, new technologies have generated new products and industries, as well as changed the way firms are organized and how workers are utilized.⁸ Future technological advances are expected to continue to do so. With new technologies come changing job skill requirements. Although some technologies created demand for unskilled workers, more engendered demand for higher skilled workers.

In 1999, the U.S. Department of Labor examined the extent of skill upgrading in the U.S. economy.⁹ Average skill levels were

FIGURE 1 Over-the-Year Non-Farm Wage and Salary
Employment Gains by Industry Sector: July 2005 to July 2006

Industry Sector	Seasonally Adjusted Gains in Thousands
Total Non-Farm	81.5
Construction	16.9
Professional and Business Services	16.0
Manufacturing	9.1
Leisure and Hospitality	8.1
Education and Health Services	7.9
Retail Trade	6.1
Transportation Equipment	5.8
Government	5.4
Wholesale Trade	3.3
Information	3.0
Transportation, Warehousing, and Utilities	2.6
Financial Activities	1.8
Other Services	1.6
Natural Resources and Mining	-0.3

Source: Employment Security Department Labor Market & Economic Analysis, "Washington State Employment Situation Report for July," August 15, 2006.

found to have increased significantly during the 1990s, and occupational upgrading within industries was the primary source of skill change. There were substantial skill shifts among broad occupational groups (e.g., technical workers have replaced laborers) and shifts within broad occupational groups (e.g., secretaries have become administrative assistants who perform more complex word processing and database management instead of typing and filing).

Workers in nearly every field have had to learn new skills as they incorporated computers into their jobs. Machine tool operators make parts using computer-controlled machines. Forklift operators in factories use computerized inventory locating devices. Cars, traffic lights, heating and cooling systems, hospitals, machine shops—all have become computerized. Not only do employees need to learn to use new, highly sophisticated machines, they also must learn, and often design, whole new organizational processes associated with those machines. Many U.S. manufacturers have reduced the number of supervisors in their factories and given workers greater responsibility for ensuring quality, redesigning manufacturing processes, and improving products. Companies are adopting participatory “high-performance” work systems that place more authority and problem-solving responsibilities on frontline workers. Jobs are more broadly defined, employees work in collaborative teams wherein success demands effective communication, and outcomes are focused on timeliness, quality, and customer service.¹⁰

Globalization

Washington, more than any other state, relies on foreign trade. Estimates indicate that in 2005, one in three jobs in Washington was directly or indirectly supported by international trade.¹¹ Washington’s industry leaders in aerospace, forest products, software, financial and legal services, and

agriculture derive a significant portion of revenues through foreign exports. In 2005, Washington exports equaled \$37.9 billion.¹²

There is consensus among economists that globalization, at the aggregate level, has and will continue to have a favorable effect on income, prices, consumer choice, competition, and innovation in the U.S.¹³ The effects of globalization, however, accrue unevenly across industries and individuals. Workers displaced by competition will generally be able to find jobs; earnings losses, however, may be significant for some.

Some portion of this displacement comes from outsourcing of jobs offshore. No one knows for certain the extent to which firms currently send work offshore, and it is difficult to know how widespread it will become. The government does not track offshoring, and firms are naturally reluctant to disclose information about it. Still, the practice appears to be on the rise. Forrester Research expects the number of U.S. jobs outsourced will grow from about 400,000 in 2004 to 3.3 million by 2015, or about 250,000 per year.¹⁴ Estimates suggest that up to 14 million Americans now work in occupations (including financial analysts, medical technicians, paralegals, and computer and math professionals) that could reasonably be considered at risk.¹⁵

Will there still be good jobs left in U.S.?

Most economists think so. First, many jobs are not at risk of being outsourced. The most vulnerable jobs and occupations are ones with the following attributes or features:¹⁶

- No face-to-face customer servicing requirements.
- High information content.
- Work process is telecommutable and Internet enabled.
- High-wage differential with similar occupation in destination country.

- Low setup barriers.
- Low social networking requirement.

Cost differentials, availability of highly educated graduates, widespread acceptance of English as the language of business and communication, and other institutional and cultural compatibilities are factors that facilitate offshoring of U.S. jobs to certain foreign countries. Nevertheless, the three major emerging market economies—India, Russia, and China—have barriers that could constrain future growth.¹⁷ India has not been able to provide basic school education on the wide-scale level that would ensure future growth in highly-trained graduates. Russia is experiencing institutional underdevelopment, erratic reforms, and gradual deterioration of its higher education system. China still faces language, institutional, and cultural barriers.

Potential quality control problems and concerns over intellectual property theft may also limit outsourcing overseas. The total growth of high-tech jobs may outpace the increasing supply of knowledgeable workers in the emerging economy. As

noted by economist Robert Reich, former Secretary of Labor, “Even as the supply of workers around the world capable of high-tech innovation increases, the demand for innovative people is increasing at an even faster pace.”¹⁸

The most positive jobs scenario is one in which the U.S. keeps the “cream” of new development at home, while the more routine activities are outsourced.¹⁹ Under this scenario, innovation would lead to a continuing stream of new service and manufacturing activities, and hence, new jobs and occupations, while competition and the need for lower-cost supply would force more mature services operations overseas. Depending on their education and skills, individual workers might still find it difficult to find replacement employment at similar wages, but, overall, the jobs lost to out-sourcing would be replaced by higher-wage jobs in new subsectors brought about by innovation.”²⁰ Reich has argued that there will be plenty of good jobs in the future, but too few Americans are being prepared for them.

Increasing Gap Between the Haves and the Have-Nots

Starting in the mid-1970s, income inequality in America has worsened, and studies suggest that pervasive technological change is the culprit. Globalization also has been linked to the decline in earnings, particularly among less-skilled workers over the last few decades. Demand for highly-skilled workers in all sectors of the economy has increased rapidly. Supply has not kept up with demand, and the earnings gap between more-educated and less-educated workers has widened.²¹

Data from the Employment Security Department (ESD) show a positive relationship between training levels and 2005 annual average wage estimates of workers in Washington (Figure 2).²² That

FIGURE 2

Washington State 2005 Average Annual Wage Estimates by Training Level



Source: Employment Security Department, *Washington State Occupation Outlook 2002-0212*.

is, jobs that require one to twelve months of postsecondary preparation paid 50 percent more than jobs that required little or no postsecondary training. Jobs that required more than one year but less than four years of postsecondary training paid 25 percent more than jobs that required one to twelve months of postsecondary preparation.

The good news is that between 1990 and 2002, hourly wages in Washington State increased in real terms.²³ There is also evidence that the gap between the top and bottom wage earners may have stopped growing, and perhaps even started to recede. In 1990, the ratio of the average wage of the top 10 percent of jobs to the bottom 10 percent of jobs was 7.6. The ratio peaked at 12.4 in 2000, before decreasing to 10.2 in 2002.²⁴

Washington's Industry Outlook

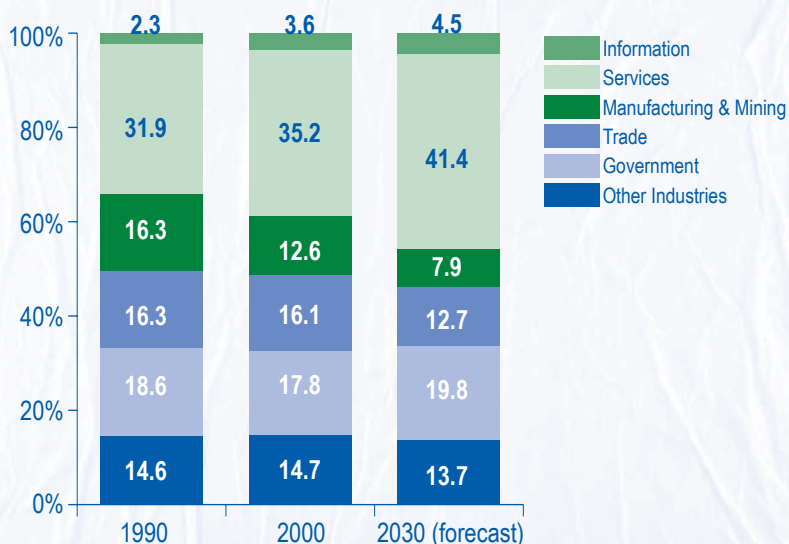
For years, Washington's resource-based economy was able to provide high paying jobs with benefits to workers with only a high school education. Our forests and factories provided a living wage to loggers and production workers. Now these traditional sources of high-wage work are either shrinking or have limited prospects for growth.²⁵ With the improving employment outlook, other sectors that experienced job losses during the recent economic downturn have begun to turn around; others, however, continue to decline, at least in their share of employment if not in actual employment.

Projections to 2030 show changes by industry in the distribution of Washington State's non-farm employment (see Figure 3).²⁶ The information and services industries are the fastest growing, driven by increases in software publishing and professional and business services (e.g., accounting, engineering, computer systems and programming). Their share of employment is expected to increase to

about 46 percent by 2030. Manufacturing employment, while continuing to grow, is expected to grow more slowly than total employment. Aerospace and wood products manufacturing were once about 13 percent of total employment; now they account for less than 5 percent. The combined mining and manufacturing industries' share of employment is expected to decrease to about 8 percent of non-farm employment by 2030. Government jobs will continue to be about 20 percent of employment. The composition of government employment, however, has shifted from federal jobs to state and local jobs; this trend is projected to continue.

FIGURE 3

Distribution of Washington Employment History by Industry



Source: Office of Financial Management and Employment Long-Term Economic and Labor Force Forecast, May 2005.

What Jobs Will be Available?

Many of the new family-wage job opportunities will be in occupations that require postsecondary education but not necessarily a four-year degree. Figure 4 includes the top 15 occupations requiring more than one year and up to, but less than, four years of postsecondary training that are expected to be in demand between 2004 and 2014.²⁷

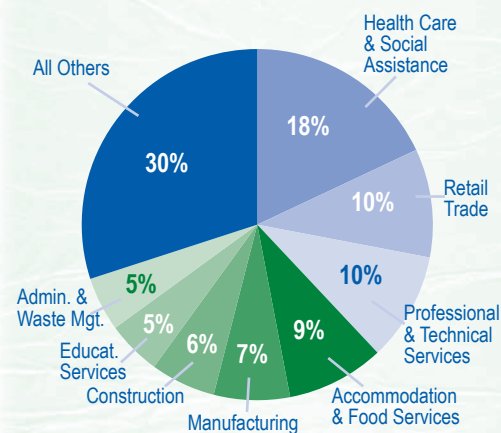
FIGURE 4 Number of Annual Openings in Occupations Requiring More Than One Year and up to, but Less Than, Four Years of Postsecondary Education (2004-2014)

OCCUPATION	ESTIMATED EMPLOYMENT 2004	AVERAGE ANNUAL OPENINGS 2004-2014	ESTIMATED AVERAGE WAGE JUNE 2006
Computer Support Specialists	14,615	611	\$48,629
Gaming Dealers.....	5,274	332	\$19,974
Registered Nurses.....	48,077	2,006	\$62,217
Medical Secretaries	13,740	575	\$31,783
Carpenters.....	42,277	1,550	\$44,303
Computer Specialists, All Other.....	5,353	217	\$69,015
Aircraft Structure, Surfaces, Rigging, and Systems Assemblers.....	5,222	301	\$53,370
Travel Agents.....	3,532	191	\$35,102
Aircraft Mechanics and Service Technicians.....	4,795	237	\$53,587
Nursing Aides, Orderlies, and Attendants.....	23,639	745	\$23,863
First-line Supervisors/Managers of Construction Trades and Extraction Workers	19,957	705	\$63,983
Electricians	15,997	615	\$51,817
Preschool Teachers, Except Special Education.....	6,209	204	\$25,102
Cost Estimators	5,365	239	\$60,199
Licensed Practical and Licensed Vocational Nurses	9,861	407	\$39,881

Source: Data provided through David Wallace, Employment Security Department, August 28, 2006.

In a recent survey regarding their job vacancies in April 2006, Washington employers reported an estimated 81,532 job openings.²⁸ Health care and social assistance industry employers reported nearly twice as many openings (14,937) as any other industry group (see Figure 5). This industry's openings had the second highest percentage requiring certification or licensing (78 percent), offered the third highest median hourly wage (\$15.38), and had the third highest percentage of permanent openings (97 percent).

FIGURE 5 Percentage of Vacancies by Industry Group: Washington, April 2006



Source: Employment Security Department, Job Vacancy Survey, June 2006.

The agriculture, forestry, fishing, and hunting industry led in the percentage of new openings (53 percent of its 1,700 vacancies) followed by the construction industry (34 percent of its 4,762 vacancies). The professional, scientific, and technical services industry along with the management of companies and enterprises offered the highest median wages, \$16.55 and \$15.46, respectively. Accommodation and food services had the fourth highest number of vacancies (7,331) but, along with agriculture, forestry, fishing, and hunting, offered the lowest median wage (\$7.63).

With regard to jobs, health care practitioners and technical occupations account for the largest share of vacancies (11 percent) followed by office and administrative occupations (10 percent). The median hourly wage offered for health care practitioners and technical occupations (\$22.26) was much higher than the state median wage of \$10.00. The median for office and administrative occupations was \$10.04. Ninety-six percent of health care practitioners and technical occupation vacancies required a certificate or license, more than any other occupational group. Management and architecture and engineering openings offered the highest (\$31.25) and second highest (\$23.51) median hourly wage, respectively. Both of those groups, along with health care practitioners and technical jobs, were more likely to require education beyond high school than other occupations.²⁹

Employers Report a Shortage of Skilled Workers

Transition to a more knowledge-based economy has called for some changes in the types of skills employers are now requiring or will require in the near future.³⁰ Advanced technologies clearly call for workers with the knowledge and skills to use them effectively, efficiently, and creatively. Rapid technological changes and increased global competition have led to a growing importance of strong non-routine cognitive skills, such as abstract reasoning, problem-solving, communication, and collaboration. Employers continue to report a shortage of workers with either basic workplace or job-specific skills, or both.

Roughly 2,100 firms responded to the Workforce Board's *Washington State Employers' Workforce Needs and Practices Survey*, conducted during the summer and fall of 2005.³¹ A higher percentage of firms reported hiring new employees as compared to the previous survey, 61 percent in 2005

compared to 45 percent in 2003. The problem of skill shortages similarly increased. Among firms attempting to hire, 51 percent reported difficulty finding qualified job applicants, compared with 45 percent in 2003. Difficulty in finding qualified job applicants was most severe in the construction (71 percent) and agriculture and food processing (67 percent) industries. Extrapolating from the survey results, an estimated 69,000 Washington firms—about one in three—had difficulty finding qualified job applicants during the reporting period.

Employers had the most difficulty finding applicants with job-specific skills (22 percent of all employers); e.g., they wanted to hire a registered nurse but had trouble finding one. About 20 percent reported difficulty finding applicants with problem-solving or critical thinking, positive work habits and attitudes, communication skills, or team-work skills.

Employers attempting to hire were asked about the level of difficulty they encountered in finding qualified applicants with specific education levels. They reported the greatest shortage of applicants for jobs requiring postsecondary education, especially for vocationally trained workers from our community colleges, apprenticeship programs, and private career schools (see Figure 6).

FIGURE 6 Employer Difficulty Finding Applicants by Educational Level
(percentage and estimated number of firms)

EDUCATIONAL LEVEL	% OF ALL EMPLOYERS	ESTIMATED NUMBER OF FIRMS
Neither a high school diploma or GED	2%	4,700
High school diploma or GED	7%	14,100
Some college course work	9%	18,900
Vocational certificate.....	9%	19,200
Vocational associate degree.....	8%	18,100
Academic associate degree	5%	10,700
Baccalaureate degree	6%	13,900
Master's degree.....	4%	8,700
Doctoral, or professional degree	2%	3,800

Source: Workforce Training and Education Coordinating Board, 2006.

The problem will likely grow worse. Skills required in the workplace continue to increase, and, as a result, higher percentages of firms reported that their need for workers with postsecondary training would increase or remain the same over the next five years (see Figure 7).

The findings from Washington's employers are reflected in a spring 2005 national survey of the skills gap in manufacturing industries conducted by Deloitte Consulting and the National Association of Manufacturers' Manufacturing Institute/Center for Workforce Success. More than 80 percent of respondents to the survey indicated they are experiencing a shortage of qualified workers, with 13 percent reporting severe shortages and 68 percent indicating moderate

shortages.³² Ninety percent of respondents indicated a moderate to severe shortage of qualified production employees, including frontline workers, such as machinists, operators, craft workers, distributors, and technicians. Further, 65 percent of respondents reported shortages of engineers and scientists. Of these, 18 percent reported severe and 47 percent reported moderate shortages.

Manufacturers also reported deficiencies in employability skills. Nearly half the respondents indicated their current employees have inadequate basic employability skills, such as attendance, timeliness, and work ethic; 46 percent reported inadequate problem-solving skills; and 36 percent reported insufficient reading, writing, and communication skills.

Industry Clusters-Health Care, Information Technology, and Construction

Clusters are geographic concentrations of interconnected companies, specialized suppliers, service providers, and associated institutions (such as universities).³³ Clustering is a dynamic process; that is, as one competitive firm grows, it generates demand for related industries. As the cluster develops, it becomes a mutually reinforcing system.

Figure 8 shows the major economic clusters in six regions of Washington.³⁴ The clusters were identified based on the size and projected growth of employment in the cluster, its location coefficient (a measure of relative density of the industry compared to the nation),³⁵ and the percent of jobs in the cluster that meet a living wage standard. The importance of particular clusters varies by region (see Figure 8), but three clusters highly ranked throughout the state are health care, construction, and software/IT.³⁶

FIGURE 7 Educational Level
(among all employers the percentage expecting a change in demand)

EDUCATIONAL LEVEL	PERCENT INCREASE	PERCENT DECREASE
Neither a high school diploma or GED	2%	5%
High school diploma or GED	10%	4%
Some college course work	16%	4%
Vocational certificate	15%	1%
Vocational associate degree	9%	1%
Academic associate degree	11%	1%
Baccalaureate degree	14%	1%
Master's, doctoral, or professional degree	1%	1%

Source: Workforce Training and Education Coordinating Board, 2006.

FIGURE 8 Important Industry Clusters by Region

SPOKANE	EASTERN BALANCE ¹	PIERCE	KING/SNOHOMISH	SOUTHWEST ²	NORTHWEST ³
1. Health Care	1. Health Care	1. Health Care	1. Software	1. Construction	1. Construction
2. Construction	2. Education/ Social Services	2. Construction	2. Aircraft	2. Health Care	2. Health Care
3. Wholesale Trade	3. Transportation	3. Aircraft	3. Construction	3. Education	3. Transportation
4. Metal Fabrication	4. Wholesale Trade	4. Ship/Boat Bldg./Repair	4. Business Services	4. Transportation	4. Education/ Social Services
5. Transportation	5. Ag./Food Process.	5. Wholesale Trade	5. Health Care	5. Communications	5. Ship/Boat Bldg./Repair
6. Electronics/ Instruments	6. Wood Products	6. Education	6. Ship/Boat Bldg./Repair	6. Wood Products	6. Wood

¹ Eastern Balance includes counties in Eastern Washington other than Spokane.

² Southwest includes Grays Harbor, Lewis, Mason, Pacific, Thurston, Clark, Cowlitz, Skamania, and Wahkiakum Counties.

³ Northwest includes Clallam, Jefferson, Kitsap, Island, San Juan, Skagit, and Whatcom Counties.

Source: Sommers and Heg, 2002

Health Care

Washington State's health care industry plays a significant dual role in our economy. The health care system keeps our workforce healthy and productive. It is also one of the largest employers in the state. Among occupations that require mostly postsecondary education, the largest numbers of job vacancies reported by employers in April 2006 were in health care practitioner and technical occupations (see Figure 9).

Washington's Employment Security Department (ESD) forecasts a substantial number of annual openings in the health care professions ranging from dentists to nursing aides, orderlies, and attendants. Figure 10 lists, by preparation level, the health care occupations with projected high demand in the near future.

Despite Washington's educational institutions preparing more health care workers than previously, gaps between supply and demand remain.³⁷ The Workforce Board's analysis of the gap shows that we will need to increase the number of newly prepared registered nurses by 691 per year per year between now and 2014 to meet current and projected demand. Figure 11 shows the annual number of newly prepared workers to close the supply-demand gap in the next ten years for eight health care occupations.

The shortage of health care practitioners in Washington is compounded by demographic trends. First, hospital caregivers are aging faster than the state workforce. The average age of a hospital health care worker is 45, about 5 years older than the average for all workers. More than 41 percent of the state's health services workers are over 45 years old.³⁸ Second, the state population is also aging rapidly. Since the elderly typically require more health care resources, service levels cannot be maintained given current staffing levels.

Information Technology

IT workers design, program, and maintain computers and computerized systems. They work both within the IT industry and in non-IT industries, such as hospitals, government, and financial services. Since computers are pervasive in our lives, so is the need for IT workers.

FIGURE 9 **Job Vacancies Among Occupation Groups Requiring Mostly Postsecondary Education: April 2006**

OCCUPATION	VACANCIES
Health Care Practitioners and Technical	9,133
Computers and Mathematical.....	4,558
Business and Financial Operations	4,631
Education, Training and Library	3,037
Management.....	3,038
Architecture and Engineering	3,096
Life, Physical, and Social Science.....	1,339
Legal.....	319

Source: Employment Security Department, Job Vacancy Survey, June 2006.

FIGURE 10 **Projected Annual Openings in Selected Health Care Occupations by Training Level: 2004-2014**

TRAINING LEVEL AND OCCUPATIONAL TITLE	AVERAGE ANNUAL OPENINGS
Little or no postsecondary	
Home Health Aides	299
One to twelve months postsecondary	
Dental Assistants	501
Medical Assistants	393
More than 1 year and up to, but less than, 4 years postsecondary	
Registered Nurses	2,006
Medical Secretaries	575
Nursing Aides, Orderlies, and Attendants	745
Licensed Practical and Licensed Vocational Nurses	407
4 years or more postsecondary	
Medical Scientists, except Epidemiologists	169

Source: Data provided by D. Wallace, Employment Security Department, August 28, 2006.

FIGURE 11 **The Gaps Between Supply and Demand by Health Care Occupation**

OCCUPATION	ANNUAL NEED OF ADDITIONAL NEWLY PREPARED WORKERS TO CLOSE THE GAP BY 2004
Registered Nurses.....	691
Physicians	278
Physical Therapists	67
Dentists.....	47
Biological, Medical, and Clinical Laboratory Technicians	46
Occupational Therapists.....	37

Source: Workforce Training and Education Coordinating Board, *Progress 2006: Report of the Health Care Personnel Shortage Task Force*.

The IT industry was not immune to the effects of the last recession, but long-term prospects are strong. IT-related occupations are among the fastest growing occupations. Furthermore, many of these occupations are among the higher paid. Figure 12 includes the IT-related occupations that are among the 15 with the highest projected demand regardless of level of preparation.

Construction

Construction activity rises and falls with the business cycle, and the industry was hurt by the last recession. A four-year boom in Washington's construction industry ended in 2001, and employment in the sector declined during both 2001 and 2002. Employment began to rise again in 2003, and between July 2005 and July 2006, the construction industry saw a gain of 16,900 jobs, the highest number among all industries. What is particularly notable with the increases in construction employment is that in July 2005, construction jobs were about 6 percent of total non-farm employment but 21 percent of the over-the-year employment growth. In the long term, the need to replace an aging construction workforce will add to the number of annual job openings in the sector.

Long-term occupation projections, conducted by ESD, suggest there will be about 10,427 annual job openings in Washington's construction industry over the next few years to 2014.³⁹ Figure 13 presents the projected openings for construction occupations that are in particularly high demand by training level. According to the Workforce Board's recent survey, employers are having difficulty filling current openings. Among firms attempting to hire construction workers, 71 percent had difficulty finding qualified job applicants—the highest reported percentage of any sector.⁴⁰

Summary and Implications

Washington's economy was especially hard hit by the last recession. Since 2004, however, our job growth has been better than the nation. Employment gains were strong throughout 2005 and continuing into 2006, and recent gains are widespread across all industries. Construction, professional, and business services have had especially notable gains.

Long-term economic trends—pervasive technological change and increasing globalization—will continue to skew labor demand toward the more highly skilled. Keeping up with this demand will pose stiff challenges for both social cohesion and economic competitiveness. The jobs being created demand higher skills. A world-class workforce is vital for global competitiveness, and the bar for competitiveness is rising.

Employers report a shortage of job applicants with skills required for the contemporary workplace. The state's workforce training and education system must prepare more workers with the kinds of skills employers are looking for. The training system must also assist in the continual retraining and upgrading of incumbent workers so their skills stay current. Given the dramatic technological and structural changes buffeting our economy, we must do more to enable workers to make smooth employment transitions.

FIGURE 12 Employment and Projected Annual Openings in Selected Information Technology Occupations: 2004-2014

OCCUPATION	ESTIMATED EMPLOYMENT 2004	AVERAGE ANNUAL TOTAL OPENINGS	ESTIMATED AVERAGE WAGE JUNE 2006
Software Engineers, Applications	21,272	983	\$82,425
Computer Programmers	12,440	758	\$83,589
Software Engineers, Systems Software	12,604	610	\$87,715
Computer Support Specialists	14,615	611	\$48,629

Source: Data provided by D. Wallace, Employment Security Department, August 28, 2006.

FIGURE 13 Projected Annual Openings in Selected Construction Occupations by Training Level: 2004-2014

TRAINING LEVEL AND OCCUPATIONAL TITLE	AVERAGE ANNUAL OPENINGS
One to twelve months postsecondary	
Painters, Construction, and Maintenance	608
Roofers	315
Drywall and Ceiling Tile Installers	279
Construction Laborers	765
Tapers	187
More than one year and up to, but less than, four years postsecondary	
Carpenters	1,550
First-Line Supervisors/Managers of Construction Trades and Extraction Workers	705

Source: Data provided by D. Wallace, Employment Security Department, August 28, 2006.

TOMORROW'S WORKFORCE

Challenges and Opportunities

Compared to Washington's labor force⁴¹ of today, tomorrow's labor force will be older, more racially and ethnically diverse, and will grow at a slower rate. This changing workforce and the changing needs of a knowledge-based economy pose challenges and opportunities for Washington's workforce development system. The challenges of slower population growth and increasing skill needs make it essential that we provide historically underutilized populations with the knowledge and skills to enable them to participate more successfully in tomorrow's economy.

Workforce Growth Slows

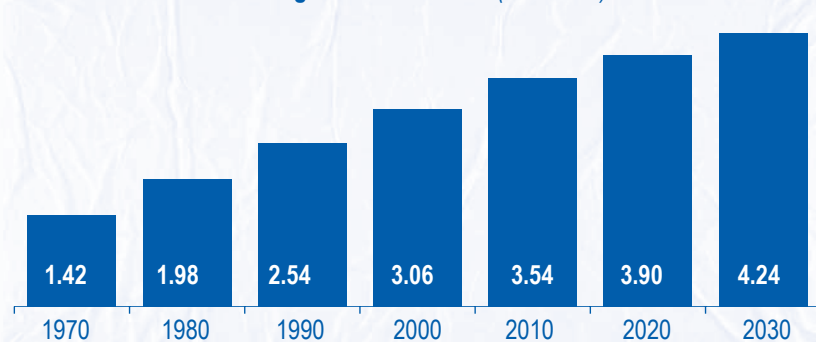
During the 1980s, Washington's labor force grew rapidly at an average annual rate of 2.5 percent. In the 1990s, the rate slowed to 1.9 percent and is expected to decrease further to 1.6 percent between 2005 and 2010 and to 0.9 percent between 2010 and 2030.⁴² The number of workers increased 1.64 million between 1970 and 2000 and is projected to increase by only 1.18 million in the 30 years between 2000 and 2030.

The labor force growth rate is slowing due to aging of the baby-boom generation and the lower birth rates of subsequent generations.⁴³ As baby boomers age, many will retire and exit the labor force and, because of the lower birth rates, the most active labor force participants, aged 25-54, will increase at an annual average of only 19,700 persons between 2005 and 2030 compared to 44,300 persons between 1970 and 2004.⁴⁴

Not only will the labor force growth rate decline, but so will the labor force participation rate as relatively fewer workers will be in the prime 25-54 age cohort. The participation rate is the percentage of the population who are in the labor force; that is, they are either working or looking for work. In 1970, the state labor force participation rate was 61.5 percent, increasing to a high of 69.7 percent in 1990, with a projected decrease to 64.1 percent by 2030.

FIGURE 1

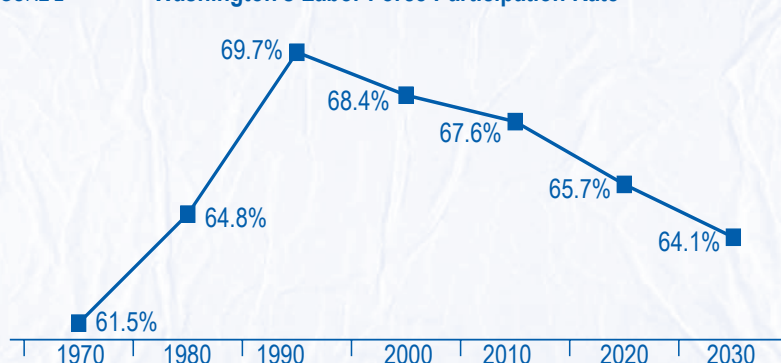
Washington's Labor Force (in millions)



Source: Office of Financial Management and Employment Security Department, *The 2005 Long-Term Economic and Labor Force Forecast for Washington*. May 2005, Figure 2-1, p. 2-1.

FIGURE 2

Washington's Labor Force Participation Rate



Source: Office of Financial Management and Employment Security Department, *The 2005 Long-Term Economic and Labor Force Forecast for Washington*. April 2001.

Migration is expected to moderate the decline in the labor force growth and participation, but it is not expected to reverse these trends. While net migration⁴⁵ into Washington is predicted to increase from 35,100 in 2004 to 63,000 in 2008, in the longer term it is expected to return to its historical annual average of 48,100.⁴⁶ The large majority of migrants come to Washington because of employment opportunities, thereby increasing our labor force. However, in more recent years, we experienced an increasing number of migrants over 65 who are attracted to Washington by the promise of a better quality of life in retirement. Most of these older migrants do not enter the labor force. In fact, they seek services and products that will expand the economy and the need for more workers.

The Aging Population

The state's percentage of older adults, aged 55 and over, is expected to increase from 12 percent of the labor force in 2000 to 22 percent in 2030.⁴⁷

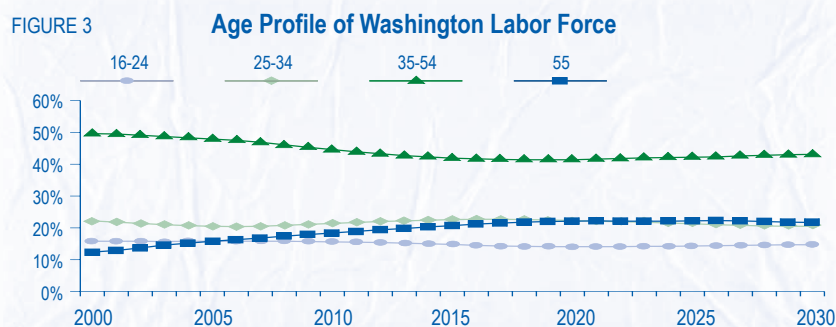
Historically, labor force participation rates drop significantly at ages 62 and 65: 62 is the earliest age that one can retire and receive Social Security benefits and 65 has been the "normal" age at which one could retire and receive full Social Security benefits. Beginning in 2000, the normal retirement age for receiving full Social Security benefits increased. In 2000, the age of full retirement

increased by two months for those born in 1938, four months for those born in 1939, and six months for those born in 1940, and so on until 1943. The normal retirement age for those born between 1943 and 1954 is 66; incrementing by two months for those born in 1955 until 1960. The normal retirement age for those born in 1960 and later is 67.⁴⁸

There are, however, those who will opt to continue to work despite the ability to retire and many who will continue to work out of economic necessity. As individuals live longer and healthier lives, they may choose to remain in the workforce longer to stay engaged in activities that enhance their lives. The Senior Citizen Freedom to Work Act of 2000 eliminated a disincentive for those 65 to 70 to continue working. Prior to 2000, many of those 65 to 70 who wanted to continue working were discouraged from doing so because of the earnings penalty in the form of reduced Social Security benefits they would incur with earned wages.⁴⁹

Many older adults must work to assure economic security. For example, many women who began their employment careers later in life and either have not been part of pension programs or have not accumulated enough Social Security credits to retire, must continue to work to be able to maintain a desired standard of living.⁵⁰ Also, many individuals saw the value of their retirement savings fall substantially during the stock market decline in the early 2000s, and many of these savings packages have failed to regain prior levels. These workers have had to re-think their retirement plans, either postponing retirement to a later age, considering part-time work, or changing their expected standard of living in retirement.⁵¹

Other pressures to stay in the workforce will materialize. The rising costs of retiree health care benefits are already leading to employers reducing or eliminating these



Source: Data provided by the Office of Financial Management (September 9, 2005) as used in 2005 Long-Term Economic and Labor Force Forecast, May 2005, Figures 2-7, pp. 2-3.

benefits for future retirees, forcing many employees to remain in the workforce in order to maintain reasonable health care coverage.

As older workers leave the labor force, they take invaluable experience and knowledge with them. Employers need to consider this loss as they hire and train younger workers. On the other hand, for older workers who remain in the workplace, as they age, so do their skills and knowledge. Some will need minor upgrading while others will need substantial retraining to meet changing job requirements.

Young Adults in the Workforce

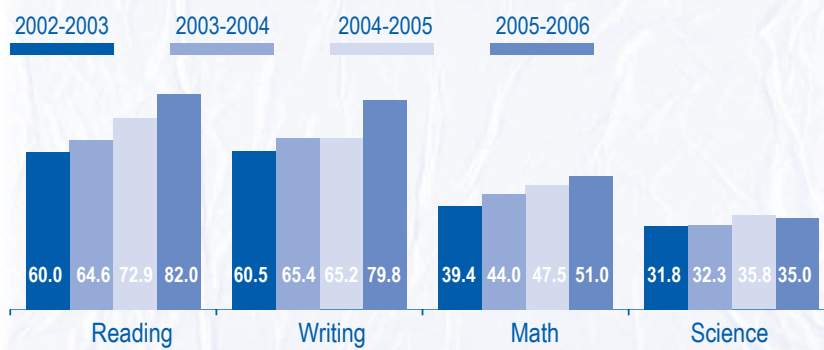
On the opposite end of the age spectrum are young adults ages 16-24, part of the baby boom echo (born between 1982 and 1995). Although this is a large potential workforce, this age cohort tends to have lower labor force participation rates than older adults. In 2000, the labor force participation rate of 16-24 year olds was 68.0 percent, for 25-54 year olds it was 83.9 percent, and for 55-64 year olds it was 60.0 percent.⁵² A large number of 16-24 year olds are still in school—either high school or postsecondary education. Too many others are no longer in school; many dropped out of high school. The Office of Superintendent of Public Instruction (OSPI) estimates that only 74 percent of the class of 2004 graduated on time, and 6.6 percent were still enrolled after four years of high school.⁵³ In 2004, about 14 percent of Washington's 16-24 year olds who were not enrolled in school (high school or postsecondary) had less than a high school diploma or GED.⁵⁴ Although some will eventually earn their high school diplomas or equivalents (such as GEDs) and go on to participate in higher education, many more will continue to be challenged in the work-place because of their inadequate levels of education. The unemployment rate for 16-24 year olds is 21.6 percent, higher than the rate for virtually any other major population subgroup.

The challenges posed by young adults call for a multiprong effort. We need to ameliorate the high school dropout problem, as well as prepare this younger generation to fully participate in and benefit from our knowledge-based economy. We need to prepare them for their successful transition to the world of work or higher education. Young adults are also our opportunity to encourage career and occupational choices that will further the growth and health of our state's economy.

The advantages of a high school diploma and higher levels of education for the economic well-being of individuals are well documented.⁵⁵ Higher levels of education have become even more important and will continue to be more important in order for our economy to remain globally competitive.⁵⁶ Not only do we need to reduce dropout rates, but we need to ensure students are achieving at levels that will allow them to participate successfully in postsecondary education or the workplace.

Academic preparation alone is not sufficient to prepare young people for their future. Seventy-eight percent of high school graduates work during the year after high school, and thirty-three percent work and do

FIGURE 4 Percentage Meeting Standards on 10th Grade WASL



Source: Office of Superintendent of Public Instruction, <http://reportcard.ospi.k12.wa.us/Summary.aspx> (October 13, 2005).

not attend postsecondary education or training.⁵⁷ Employers who hire young people report too many have inadequate basic workplace or employability skills and specific job skills employers are looking for.⁵⁸ Despite this problem, outside of career and technical education, there is generally no assessment of secondary student work-related skills.

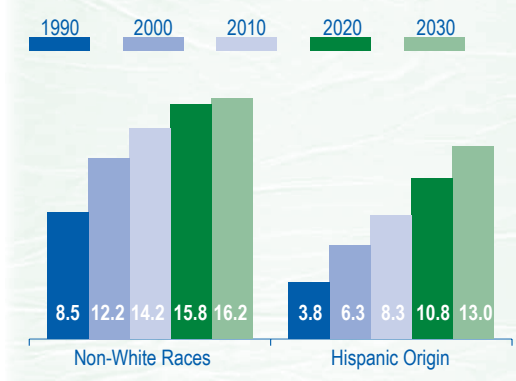
Racial and Ethnic Diversity in the Workforce

In future years, Washington's population is expected to become increasingly more racially and ethnically diverse. The Hispanic population is the fastest growing among all racial and ethnic groups other than multi-racial individuals. The Hispanic population is projected to grow from 441,500 in 2000 to about 1,107,600 in 2030, an increase of 150 percent.⁵⁹ Between 2000 and 2030, all non-white groups are expected to grow faster than whites.⁶⁰

The increasing racial and ethnic diversity of the population is another major factor influencing the composition of our future workforce. In 1990, 8.5 percent of our labor force was from non-white racial backgrounds. The percentage of the labor force from non-white racial backgrounds is expected to reach 16.2 percent by 2030. With regard to ethnic diversity, Hispanics are projected to grow from 3.8 percent of the labor force in 1990 to 13.0 percent in 2030.⁶¹

The increasing racial and ethnic diversity of the workforce introduces a critical issue with regard to the educational levels of future workers. Historically, with the exception of Asians and Pacific Islanders, those from non-white racial backgrounds and Hispanics tended to have lower educational levels than non-Hispanic whites. In 2000, while 90 percent of the non-Hispanic whites 25 years or older had completed high school or its equivalency; only 53 percent of Hispanics and 75 percent of persons from non-white racial backgrounds had done so.⁶²

FIGURE 6 Labor Force Composition by Race & Ethnicity

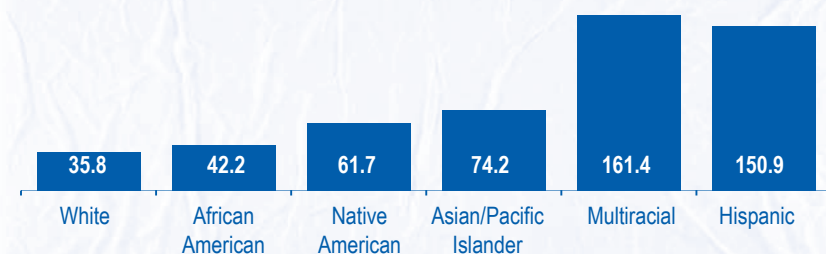


Source: Employment Security Department, Job Vacancy Survey, June 2006.

Furthermore, high school students from racial and ethnic minority backgrounds, who will be entering the workforce in the near future, are not performing academically as well as whites. This is particularly true of African American, American Indian, and Hispanic students. For example, while over three-fourths of white and Asian students met the reading standards on the 10th grade WASL, just over half of African American, American Indian, and Hispanic students did.

In addition to racial and ethnic discrimination, lower levels of education and skills have negatively affected labor market experiences of large percentages of individuals from racial and ethnic minority backgrounds. They tend to earn less and are underrepresented in

FIGURE 5 Percentage Growth in Population by Racial Group and Hispanic Origin: 2005-2030



Source: Office of Financial Management, Provisional Projections of the State Population by Age, Gender, and Race/Ethnicity: 2000-2030, September 2003.

high-level positions. Although research has shown that policies such as affirmative action have mitigated some of its effects, racial and ethnic discrimination continues to exist.⁶³

As employers and society work toward eliminating racial and ethnic gaps in the workplace between non-Hispanic whites and non-whites or Hispanics, increasing levels of education and training will help to decrease and, hopefully, one day eliminate the gaps. While the education system cannot completely eliminate the problems of racism, it can offer those from racial and ethnic minority backgrounds an opportunity to obtain the human capital needed to counteract some of its impact.⁶⁴

FIGURE 7 Percentage of 10th Graders Meeting Standards
2004-2005 WASL

	WHITE	NATIVE AMERICAN	ASIAN	AFRICAN AMERICAN	HISPANIC
Reading	77.0	55.8	78.8	53.7	53.1
Writing	69.2	45.0	72.9	47.9	43.7
Math	52.4	26.9	56.9	20.4	23.9
Science	40.5	17.9	41.6	12.1	14.2

Source: Office of Superintendent of Public Instruction,
<http://reportcard.ospi.k12wa.us/waslTrend.aspx>, (October 17, 2005).

People with Disabilities

According to the *Washington State Population Survey*, the incidence of individuals aged 16-64 with disabilities increased from 15.8 percent in 2000 to 16.4 percent in 2004.⁶⁵ Disabling conditions include blindness or deafness, conditions that substantially limit physical activities, difficulty learning or remembering, difficulty getting around inside the house, difficulty going outside the house, and difficulty working at a job.

People with disabilities are an under-utilized human resource. In 2004, 52 percent of people with disabilities were in the labor force,

compared to 83 percent of people without disabilities.⁶⁶ Furthermore, of those working part-time (less than 35 hours per week), 43 percent of people with disabilities reported they wanted to work full-time, while only 26 percent of people without disabilities did so. There are many reasons why people with disabilities work part-time. For example, 13 percent of people with disabilities indicated that while they would like to work full-time, their main reason for working part-time is health or medical limitations. However, 40 percent reported that they could only find part-time work. Part of the reason for this has to do with discrimination.⁶⁷ We are reminded that society stigmatizes people with disabilities by treating them as deficient, and the provision of accommodations, such as wheelchair ramps and sign-language interpreters, are “acts of generosity” rather than basic civil rights.⁶⁸

We also underutilize people with disabilities because they tend to have less education than those without disabilities. In 2004, 16 percent of those aged 16-64 with disabilities had less than a high school diploma compared to 10 percent of those without disabilities. Moreover, while 65 percent of those without disabilities had some postsecondary education, only 52 percent of those with disabilities did.⁶⁹ A survey of Washington’s 2004 Special Education high school graduates⁷⁰ showed that 37 percent were attending postsecondary education and/or training programs in the sixth month after graduation, while 66 percent had identified postsecondary education on their Individual Education Plans (IEPs) as a goal after high school.⁷¹

As the state faces a growing labor shortage in the future, we must take steps to better educate, train, and support people with disabilities in order to better utilize the potential of this underemployed population.

Women in the Workforce

In Washington, women's share of the labor force increased from 41.7 percent in 1980 to 46.3 percent in 2004.⁷² Women's largest gains have already occurred. By 2030, their share is projected to increase to only 46.7 percent. Women's growing participation resulted from several factors such as increasing levels of educational attainment, delayed marriage and childbearing, changing gender roles, and the decline in real wages, often making a second income necessary to offset the loss in real earnings of male "heads" of households. Women's labor market participation rates, however, like that of men's, will decrease into the near future mainly due to aging.⁷³

While women are now a larger share of the labor force, they continue to be underutilized. This is evidenced by their continued lower levels of compensation and hours of work compared to men despite their increasing levels of education. In 2004, 70 percent of women and 64 percent of men ages 16-64 in the Washington labor force had some postsecondary education. Women on average worked 36 hours per week and had an average hourly wage of \$19.14. Men, on the other hand, averaged 43 hours per week with an average hourly wage of \$24.32.⁷⁴

Research shows, to a large extent, the labor market disparities between women and men result from traditional gender roles and the career choices of women.⁷⁵ Large percentages of women choose industries and occupations such as education and social services that allow for more time with family and appear to be more open to women. Women continue to enroll in fields of study that tend to pay less (e.g., office support occupations) than fields that tend to be dominated by men (e.g., IT). Additionally, women bear a disproportionate share of

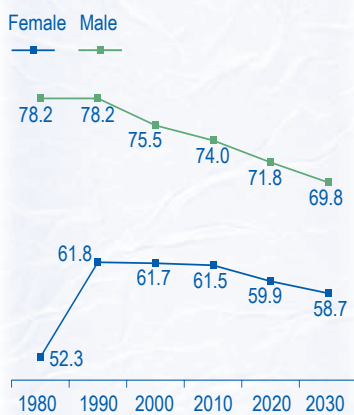
child rearing and housework responsibilities and, consequently, experience more frequent and longer spells away from work than men. These constraints on employment tend to diminish promotional opportunities.

To better and more fully utilize women in the workforce, we need to consider workplace policies that address issues such as child care. There is research indicating that when employers implement family-friendly policies, such as on-site child care, productivity increases.⁷⁶ With such policies, the opportunity for women to establish more stable working histories may result in more women in positions of higher level management and greater pay equity between women and men in general. To waste the resources of well-educated and talented women because of impractical workplace cultures is unwise and a waste of human capital.

Summary

Compared to the workforce of decades ago, Washington's labor force today is older, more racially and ethnically diverse, and consists of a higher proportion of women. In fact, it is a workforce that better reflects the population composition. However, aging of the workforce and lower birthrates of the post-baby boom years suggest a potential labor force shortage in the future. Also, technological advances and globalization spurring the growth of a knowledge-based economy suggest a potential skills shortage as well. We must consider how best to increase labor force participation and skills in order to ensure continuing economic growth and prosperity. If we do nothing, we may find tomorrow's workforce unprepared and our economy wanting. If we act now, however, we may create new opportunities for previously underutilized populations and enable our economy to grow into the future.

FIGURE 8 Labor Force Participation Rates: Ages 16 and Over



Source: Office of Financial Management and Employment Security Department, The Long-Term Economic and Labor Forecast for Washington, May 2005, Tables 2-4, pp. 2-11.

WHAT IS THE WORKFORCE DEVELOPMENT SYSTEM?

The workforce development system consists of programs and services that prepare people for employment. There are 18 programs defined in state statute and by Governor Gary Locke's Executive Order 99-02. These programs focus on preparing individuals for jobs that do not require a baccalaureate degree—about 75 percent of all jobs in Washington. (See Figure 1.)

The Workforce Training and Education Coordinating Board: System Planning and Evaluation

Created in 1991, the primary roles of the Workforce Training and Education Coordinating Board (Workforce Board) are to provide a systemwide approach to strategic planning and accountability and to foster partnerships among business, labor, and education and training programs. The Workforce Board consists of nine voting members with an equal, tripartite partnership of business, labor, and government/education. The Workforce Board also serves as the state's Workforce Investment Board as required by the Workforce Investment Act (WIA) and as the State Board for Vocational Education for the Carl D. Perkins Vocational and Applied Technology Act (Carl Perkins Act). Additionally, the Workforce Board licenses and regulates private career schools in Washington.

In order to carry out its strategic planning mission, the Workforce Board, in partnership with the agencies that administer workforce development programs, creates a strategic plan, *High Skills, High Wages*. The Workforce

Board reviews the agencies' operating plans for consistency with *High Skills, High Wages*. In order to support policy development, the Workforce Board assesses the workforce development needs of employers and workers, including needs resulting from changes in the state economy and the demographics of the workforce. The Workforce Board also evaluates the results of workforce development programs and manages systemwide performance accountability.

In order to promote partnerships throughout the state, the Workforce Board assists in the creation and support of industry skill panels. There are over 30 industry skill panels throughout the state in key economic clusters, such as health care and information technology. The skill panels consist of employers, labor, and education and training providers; they assess skill gaps in the clusters and develop strategies for addressing the gaps.

Local Workforce Development Councils: Meeting Local Workforce Priorities

Under Executive Order 99-02, the Governor called for the establishment of local workforce development councils (WDCs) in 12 areas of the state to serve as local workforce investment boards required under the WIA. The Governor directs local councils to:

- Develop a local unified plan for workforce development, including a strategic plan, an operating plan for WIA Title I-B, and other program operating plans consistent with the strategic plan.

- Ensure linkages of workforce development with economic development.
- Conduct oversight of the WorkSource (one-stop) system and promote the coordination of workforce development activities at the local level.
- Establish youth councils to coordinate services to disadvantaged youth.
- Provide for a coordinated and responsive system of outreach to employers.
- Collaborate in the development of WorkFirst service area plans.

WDCs are comprised of a majority of business representatives and include labor, education, community, and public agency representatives. WDCs have the flexibility to set priorities for their local areas while addressing the challenges in the Governor's Executive Order. Accountability for results is a responsibility shared by the local councils, the Workforce Board, and ESD.

Workforce Development for Youth

Secondary Career and Technical Education

Career and Technical Education (CTE), formerly known as vocational education, enables students to explore career options, learn academic and life skills, and prepare for work and postsecondary education. Model CTE programs integrate occupational skills learning with academic content. These programs are offered in grades 9-12 through approximately 235 local school districts and 10 vocational skill centers.

Currently, the State Board of Education (SBE) requires that all students complete at least one CTE course or its equivalent to fulfill graduation requirements. Some students complete an entire sequence involving several related courses. The extent of CTE offerings varies significantly with district size, location, administrative support, and philosophy, resulting in varied opportunities for the state's high school students.

OSPI has adopted program standards that are used to approve and evaluate all CTE programs to ensure they incorporate workplace skills and industry-based skill standards. The program standards differentiate programs as "exploratory" or "preparatory." Students taking exploratory programs examine a program area or cluster to help them determine if they are interested in pursuing the program area/cluster leading to employment or related post-high school training. Preparatory career and technical education programs provide opportunities for students to master occupational skills

Figure 1 **State Workforce Development System**
(RCW 28C.18, RCW 50.12, and EO 99-02)*

OPERATING AGENCY	PROGRAM	ANNUAL PUBLIC FUNDS
State Board for Community and Technical Colleges	Postsecondary Technical Education	\$351,362,402
	Adult Education and Basic Skills	76,253,521
	Worker Retraining Program	35,259,100
	Volunteer Literacy Program	436,617
	Job Skills Program	1,475,000
Office of Superintendent of Public Instruction	Secondary Career and Technical Ed.	\$273,388,239
	Even Start Family Literacy Program	2,764,443
Employment Security Department	WIA, Title I-B Dislocated Workers Prog.	\$35,787,000
	WIA, Title I-B Adult Training Program	23,000,000
	WIA, Title I-B Youth Activities Program	25,342,000
	Training Benefits Program	20,000,000
	Wagner-Peyser	15,617,015
Department of Social and Health Services	Division of Vocational Rehabilitation	\$49,101,381
Department of Services to the Blind	Vocational Rehabilitation for the Blind	\$7,980,184
Workforce Training and Education Coordinating Board	Carl D. Perkins Technical Education	\$1,167,968
	Private Vocational Schools Act	\$177,164
Department of Labor and Industries	Apprenticeship	\$1,200,000
Total Public Funds		\$920,812,034

*Other programs are not included in the state statute and executive order but are related to the workforce development system since they also prepare individuals for employment. These are listed in Figure 2.

based on industry-defined standards, that will prepare them for employment after graduation and/or advanced placement into a postsecondary CTE program.

In addition, OSPI provides curricular frameworks that organize all CTE programs within broad career pathways: agriculture and science; business and marketing; health and human services; and technology and industry. These frameworks are based on national career cluster standards, incorporate appropriate and related essential academic learning requirements, include employability and leadership skills, and identify occupational skills to be learned in exploratory and preparatory coursework. The Carl Perkins Act, as amended in 1998, emphasizes the importance of integrating academic standards into CTE. Known as Perkins III, the Act provides additional funds for secondary and postsecondary CTE, emphasizing vocational programs' use of technology, teacher training, and distance learning. Perkins III increases state and local flexibility in providing services and activities designed to develop, implement, and improve CTE, including Tech-Prep education, and builds on state and local efforts to develop challenging academic standards. Nearly all community and technical colleges are applying the Tech-Prep model that offers students the opportunity to gain college credit when they take CTE courses in high school.

The K-12 Foundation

Primary and secondary school education provides a critical foundation for learning throughout a student's life. It is expected to provide the academic skills students will need as adults, citizens, employers, and employees.

Washington Performance-Based Education Act of 1992 and the Education Reform Act of 1993 set four student learning goals. The fourth goal states students must "Understand the importance of work and

FIGURE 2

Related Workforce Development Programs

Washington's Temporary Assistance to Needy Families (TANF) Work Programs

- WorkFirst Employment Services (Employment Security Department)
- Workforce Training (State Board for Community and Technical Colleges)
- Community Jobs (Department of Community, Trade and Economic Development)

Refugee Assistance Program (Department of Social and Health Services)

North American Free Trade Act and Trade Adjustment Assistance Program (Employment Security Department)

Employment and Training for Migrant Seasonal Farm Workers (Opportunities Industrialization Center)

Washington Service Corps/AmeriCorps (Employment Security Department)

Offender Employment Services (Employment Security Department)

Job Corps (U.S. Department of Labor)

Offender Education Program (Department of Corrections)

Washington State Business Enterprise for the Blind (Department of Services for the Blind)

Washington Conservation Corps (Department of Ecology, Department of Natural Resources, Department of Fish and Wildlife, and Parks and Recreation Commission)

Displaced Homemaker Program (State Board for Community and Technical Colleges)

Community Service Block Grant Program (Department of Community, Trade and Economic Development)

On-the-Job Training Program (Department of Transportation)

Claimant Placement Program (Employment Security Department)

Disabled Veterans Outreach Program (Employment Security Department)

Local Veterans Employment Representatives (Employment Security Department)

Special Employment Services for Offenders (Department of Natural Resources)

Workers Compensation Vocational Rehabilitation Benefits Program (Department of Labor and Industries)

Reemployment Support Centers (Department of Community, Trade and Economic Development)

Customized Training Program (State Board for Community and Technical Colleges)

What Are Skills Centers?

A skills center is a regional educational and training institution that serves multiple school districts, is operated by a host local school district, and has an identifiable core facility. Skills centers provide career and technical education programs that are cost or enrollment prohibitive for individual schools and/or districts. Students aged 16 to 21 in grades 11 or 12 learn job preparation skills and can take advantage of the close relationships that skills centers forge with industries. For example, the New Market Skills Center, Tumwater, offers computer game program design taught by the Digipen Institute in conjunction with Nintendo. It is an advanced placement program that includes math, computer science, computer programming, and 3D animation. Skills centers offer education and training in a variety of occupations, such as health care occupations that are currently experiencing shortages.

Students in skills centers learn basic skills, workplace readiness skills, and entry-level occupational competencies. They learn about career and postsecondary opportunities, participate in internships and work-based learning, develop a personal career portfolio, and participate in a wide range of leadership activities/programs. They may also receive advanced placement or college credit through Tech-Prep programs.

An administrative council, comprised of the superintendents of the participating school districts, governs each skills center. Local districts contribute to the facility and equipment acquisition, and each district has an equal vote.

how performance, effort, and decisions directly affect future career and educational opportunities.” For virtually all students, whatever option they choose upon leaving high school will eventually lead to the workplace. Whether they enter the state’s workforce as student employees, summer workers, or full-time entry-level employees, Washington’s youth must be prepared to be successful. As an increasing number of college students work part- and even full-time, the importance of basic workplace competencies also increases for all students. And, general work readiness skills are increasingly demanded by businesses moving to a high-performance style that requires higher team work and problem-solving skills from even their frontline workers. In response, the Workforce Board is piloting assessments for credentialing of general workplace skills (see information on the Work Readiness Credential on page 65).

Career Guidance and Transitions to Life After High School

For students graduating in 2008 and beyond, new requirements call for completion of a culminating project and an individual plan for the student’s first year after high school. Secondary schools are being asked to adopt a comprehensive guidance curriculum that includes a consistent relationship with an assigned advisor for the entire time in school, student-led advisor-parent conference, and the integration of student planning and preparation into course curricula and schedules. (See Navigation 101 on page 58.) These strategies aim to ensure that students connect what they learn in high school with future education and career options.

In order to improve transitions to life after high school, schools partner with community and technical colleges and baccalaureate institutions to improve the coordination of secondary and postsecondary education.

Running Start, Tech-Prep, College in the High School, Advanced Placement courses—all of these are examples of options increasingly available to students so they can prepare for their education after high school and (often) earn postsecondary credits at the same time. High schools also partner directly with employers, enabling students to explore or prepare for specific kinds of employment. A new program initiated by Governor Gregoire will provide direct entry into apprenticeship programs for students completing appropriate coursework in high school.

The Five P's

OSPI encourages high schools to organize their courses and structure to facilitate effective student transition to life beyond high school. The Five P's—Pathways, Portfolio, Project, Plan, and Parents—can form the basis of such a structure.

1. *Pathways*: Career pathways are an organized sequence of classes and activities that contribute to preparation for occupations of a similar kind (health or business, for example).
2. *Portfolio*: A portfolio is a collection of student work and achievements used by the student to document progress along a pathway.
3. *Project*: A culminating senior project completed by the student illustrates his or her pathway work and is usually presented to a panel of community reviewers for evaluation.
4. *Plan*: A student develops an individual plan for the year after graduation, including the steps needed to accomplish the goal (e.g., completing the first classes of an articulated program, preparing to meet baccalaureate admission standards, or earning industry skills certification).
5. *Parents*: Involving parents and guardians in their child's planning and preparation for life after high school is important. Parents also need to know the options

available to their children. Creating a formal structure within the school schedule to encourage parental assistance in supporting and guiding their children in choosing courses that fulfill future study and career goals is helpful.

Preparing Low-Income Youth for the Workforce

Youth Councils

WIA Title I-B provides for programs that prepare low-income youth ages 14 to 21 for academic and employment success. The program is administered by ESD in partnership with the Workforce Board to develop a five-year operation plan. The Governor and the Department of Labor must approve the plan. Local WDCs develop a similar operation plan and receive funding based on federal and state allocation formulas.

The K-12 System and Career and Technical Education Advisory Councils

The State Board of Education (SBE) sets policies for the K-12 school system. SBE oversees K-12 accountability, including setting career and technical education (CTE) performance standards consistent with federal law and establishing targets for high school graduation rates.

Locally elected school boards set K-12 policies at the district level. Districts with approved high school CTE programs are required to have general advisory councils and a program advisory committee for each program. Comprized of representatives of business and labor, these councils and committees help schools ensure their programs meet the skill needs of local industries.

Local WDCs appoint their members and other youth representatives to a youth council that reviews assets and gaps of youth-related services in their communities and makes recommendations to WDCs on services for at-risk or out-of school youth (WIA Title I-B eligible youth).

The Community and Technical College System

Most students who graduate from Washington's high schools will enroll in some form of postsecondary education or training. The largest number of graduates will attend the state's community and technical colleges. Washington has 34 community and technical colleges covering every county in the state. Training is offered at more than 600 sites including multiple extension sites, technology centers, business centers, and state prisons. The State Board for Community and Technical Colleges, a nine-member board appointed by the Governor, oversees the community and technical college system.

Each college district has a board of trustees and a general advisory council and/or program advisory committees of business and labor representatives that approves, designs, and modifies workforce education and training programs, also known as professional/technical programs. Program advisory committees use their industry expertise to update curricula, identify new technologies, and participate in the hiring of key instructors.

Local providers assess youth to determine their academic skill level and support service needs. These assessments enable the customizing of services to suit the needs of individual youths. Services include counseling, tutoring, mentoring, or work experience. These youth may also participate in summer employment, skills training, or instruction in obtaining a GED or equivalent.

All 12 youth councils have also worked the last few years to develop drop-out prevention, intervention, and retrieval programs in partnership with school districts that have high dropout rates. (See the Dropout Prevention Initiative on page 57.)

Workforce Development and Employment Services for Adults

Postsecondary Career and Technical Education

Workforce training and education for the 21st Century is one of the major goals of community and technical colleges. According to SBCTC, the mission of workforce training is to provide "workforce education, training, and retraining programs at community and technical colleges that will help students learn the full range of basic, pre-college, technical, and academic skills they need to get high-wage jobs and adapt to future career requirements in Washington's changing economy."

Nearly half of all state-supported students (45 percent) enrolled in community and technical colleges in 2005-2006 were upgrading skills, retraining, or preparing for an initial career. All community and technical college programs are open to high school graduates or persons aged 18 years or older. Full-time students are assessed at admission and placed into appropriate courses. Some programs have prerequisites or selection criteria dictated by licensing or accreditation requirements.

The State Board for Community and Technical Colleges developed the following goal statement for workforce training:

- Colleges will work with employers, labor groups, economic development organizations, and public sector employment specialists to ensure that workforce education and training programs are relevant to local needs and enable students to get jobs close to home.
- The colleges will work closely with employers and labor groups to make sure their workforce education and training programs lead to job opportunities for highly trained graduates in emerging, high-wage career fields.
- Workforce education and training programs will be designed to train workers in fields whose services are highly valued by society, such as health care and child care.
- Colleges and the college system will collaborate with public and private organizations to cover the cost of starting or revamping programs and ensure instructional equipment remains up-to-date.
- Instruction and training will be delivered in ways that meet the needs of students and employers, including short-term training at business sites.

In order to fulfill the workforce training mission, Washington's community and technical colleges offer a variety of postsecondary career and technical education programs that include:

- Preparatory technical education that provides skills training for entry-level employment in a variety of technical occupations.
- Upgrading of skills and retraining to improve or supplement workers' skills in order to remain competitively employed or to advance their careers.

- Supplemental instruction in the classroom for indentured apprentices. (This is a required component of apprenticeship programs that complements training and experience on the job.)

In addition to state funds, the federal Perkins Act provides important supplemental funding for postsecondary workforce training targeted to improving the quality and outcomes of the programs.

Developing Industry-Based Skill Standards

Community and technical colleges and industry skill panels engage businesses and labor to define the skills they require. These voluntary "skill standards" provide the framework for:

- Assessing training needs.
- Communicating performance expectations to employees.
- Clarifying expectations among employers, students, and educators.
- Designing curriculum that matches workplace requirements and improves the employability and productivity of students.
- Articulating with secondary programs.

Industry-defined skill standards specify what employees must know and be able to do within a particular industry and occupation, thus enabling instructors to prepare students for success. Skill standards enable vertical and horizontal articulation between programs. For program sectors where skill standards are well developed, programs can recognize the skills of incoming participants, no matter where those skills are learned—on a job, in high school, at a two-year college, or through some other public or private program. Instructors do not have to repeat what participants already know. When individuals are certified as meeting industry standards, employers know they have the skills to do their jobs.

Apprenticeship

Studies indicate that the integration of classroom and on-the-job training is an effective way to teach career and technical skills. An example of this type of learning has been in place for centuries—apprenticeship.

Apprenticeship programs are supervised by joint labor-management committees that approve curricula, monitor quality, screen and select applicants, and ensure that skills are portable. Industry and labor representatives constantly review programs to ensure their standards are up-to-date with changing workplace needs.

To be eligible for an apprenticeship program, individuals must be at least 16 years old and meet other minimum qualifications established by the industry. These entrance requirements can be rigorous, and apprentices may enroll in preapprenticeship programs to prepare them for entry into specific programs.

Standards for apprenticeship agreements include a progressive increase in wages over time as new skills are mastered. Programs are designed to provide individuals with the ability to progress from entry-level to fully qualified journey-level workers. Completion standards include a minimum total hours worked and annual minimums for related and supplemental instruction.

The Washington State Apprenticeship and Training Council oversees apprenticeship training programs statewide. The Apprenticeship section at the Department of Labor and Industries is the administrative arm of the Council. Financial contributions from employers and workers support apprenticeship programs.

Private Career Schools

To obtain or upgrade the skills needed in the labor market, many Washington residents enroll with private sector providers of workforce training. Private career schools are independent businesses that provide occupational training. Most are small. They provide training at both the subbaccalaureate and baccalaureate levels. As of the fall of 2006, 249 private career schools were licensed to offer subbaccalaureate diplomas or certificates in Washington State.

No public funds are appropriated for private schools, although eligible students may obtain federal grants and loans to pay for educational expenses if the schools they choose are authorized to participate in U.S. Department of Education student aid programs. In addition, under WIA Title I-B training services, some adults and dislocated workers are eligible for Individual Training Accounts (ITA) that will support tuition at postsecondary public and private schools that are on the Eligible Training Provider List (ETPL). School programs must pass minimum completion, employment, and wage standards to be on the ETPL.

Approximately 109 schools (private career schools, community and technical colleges, four-year universities, and high schools) are currently approved by the Workforce Board to train eligible veterans and dependents in certificate programs, thus providing access to Veterans Administration educational benefits.

Private career schools are partners in the workforce training and education system, voluntarily contributing to many aspects of the system's growth and development. They gather and report annual student data of value to the Workforce Board's system

evaluation, *Workforce Training Results*, and are active contributors to the accountability and consumer reports system known as *Job Training Results*.

Customized Employee Training

Employer-Supported Training

Many Washington employers offer their employees some sort of formal training. According to a 2005 Workforce Board survey of Washington employers, 44 percent provided or paid for at least four hours of classroom training that includes training in workplace practices, basic skills training (reading, writing, math, and English language skills), or training in job-specific skills. Among the firms that provided classroom training, 88 percent provided such training in job-specific skills, 67 percent provided it for workplace practices, and 19 percent provided it for basic skills.

Employers increased training over the past decade due to expanded use of computers and high-performance work organization practices. Skills required to adequately perform production or support jobs have increased, and employers project their needs for workers with postsecondary training will continue to increase during at least the next five years.

Publicly Supported Customized Training

While many businesses contract directly with the community and technical colleges to provide training, they can sometimes qualify for state assistance. The Job Skills Program (JSP), created by the Legislature in 1983, brings together employers and educational institutions to provide customized employee training. State funds are combined with employer matching funds to support: employee training for prospective employees of a new plant or when a company expands; current employee retraining when required to prevent the dislocation of those employees; current employee upgrading to enhance

productivity and provide advancement opportunities; and industry initiatives supporting the development of customized training programs for several companies within an industry.

The 2006 Legislature created another incumbent training program, the Customized Training Program (CTP), to provide training assistance to employers looking to expand or locate in the state. Under this program, employers must ensure that the number of employees an employer has on payroll following the completion of the training program increases by 75 percent of the number trained. Upon completion of the training, employers make payments into the account that finances the program, thereby replenishing the fund. B&O tax credits are available for these payments.

The Department of Community, Trade and Economic Development (CTED) and local economic development agencies consider JSP and CTP valuable tools for recruiting companies to relocate in Washington and to assist state-based companies to expand. Public secondary or postsecondary institutions, independent institutions, private careers schools, and apprenticeship trusts in partnership with businesses or groups of businesses are eligible to apply for JSP funds. JSP also prioritizes areas with new and growing industries, industries with a shortage of skilled labor, economically disadvantaged areas with high unemployment rates, and areas affected by economic dislocation. Private employers who have entered into a training agreement with a public community or technical college or a private career school are eligible to apply for CTP funding.

Business Retention and Expansion

Existing businesses create 60 to 80 percent of all new jobs. Local companies are valuable assets that communities cannot afford to ignore or lose. The jobs they generate further employment gains and create new businesses and tax revenues to boost local economies.

CTED's Business Retention and Expansion program works with manufacturing firms to support retention and expansion. CTED, in conjunction with local Economic Development Councils (EDCs), identifies threatened or expanding manufacturing companies and provides problem-solving and technical assistance to these firms. The program also focuses on early warning, coordination of services and resources, assessment of industry issues, capacity building for EDCs, and assistance to rural counties with local business visitation programs.

Aiding Dislocated Workers

When the federal Unemployment Insurance (UI) system was created, the most common cause of unemployment was reduction in demand due to the business cycle. At that time, a laid-off worker had a reasonable expectation of returning to the same job or obtaining the same type of job in another firm within six months after the economy moved out of the bottom of the cycle.

While this is still true for some industries, layoffs in today's economy are increasingly due to structural changes as technology advances and global labor markets shift. Employers who have closed, moved, or eliminated the need for certain types of skills will not call laid-off employees back. Workers who have lost these jobs often find their skills are obsolete in the rapidly changing market. Before they can become reemployed, they often need retraining to upgrade their skills or acquire new ones.

WIA Title I-B provides dislocated worker services. These include rapid response services for workers and firms facing substantial layoffs, including establishing labor-management committees and pre-feasibility studies of employee ownership. Up to 25 percent of the funds may be used to support rapid response services to employers and worker representatives after a business closure is announced. Under WIA, all dislocated workers are eligible for core services, such as job counseling and job availability information. They are also able to access "intensive" services and training services when necessary to find suitable employment.

Worker Retraining Program

The Worker Retraining program supports education and training opportunities for dislocated workers and long-term unemployed workers at community and technical colleges and private career schools. Workers who qualify for the program may receive financial assistance that can help with their tuition, as well as offset the costs of child care and transportation. After their unemployment insurance runs out, students may receive additional financial assistance to help with living expenses. Worker Retraining programs must prepare students for occupations that have demonstrated employment demand for qualified workers and lead to jobs providing a living wage appropriate to the local labor market. The results of the program are strong. In the class of 2003-2004, 85 percent of program participants were employed seven to nine months after exiting the program.

Training Benefits Program

The 2000 Legislature enacted the Training Benefits program that offers dislocated workers additional unemployment insurance benefits for up to 74 weeks (depending on their industry) while they are in retraining.

To be eligible, a claimant must show a need for training to find suitable work, establish that the full-time training program will enhance their marketable skills and earnings, and show that the training is for an occupation in high demand in their local labor market as determined by the local WDC.

WorkSource: Washington's One-Stop Career Center System

Employment Security Department

The mission of ESD is to help people succeed throughout their working lives. ESD carries this out by supporting workers during times of unemployment, connecting job seekers with employers who have job openings, and providing business and individuals with the information and tools they need to adapt to a changing economy.

ESD is the state administrative agency for WIA Title I-B, labor market information and analysis, and implementation of the WorkSource one-stop service delivery system. ESD also administers the unemployment insurance program and employment services under the Wagner-Peyser Act.

WorkSource

ESD collaborates with other state agencies, WDCs, and service delivery entities to provide employment services to employers and job seekers through WorkSource, which is Washington's one-stop career center system as required by WIA. This system, launched in 2000, increased efficiency in delivery of employment services and access to training and support services and is designed to provide more accessible and user-friendly services.

WorkSource is the primary portal to Washington's workforce development system for employers and adults, including

those with barriers to employment. Basic employment services, such as labor market information, career counseling, and job search assistance, are widely available on-site at comprehensive WorkSource Centers and affiliate sites and through self-service over the Internet.

Beyond these basic services, WorkSource offers information about, and access to, a wide array of workforce development programs, including courses at community and technical colleges, private career schools, and other training providers. (See www.go2worksource.com.)

Employers use WorkSource to:

- Post job announcements and review resumé.
- Obtain recruitment, screening, and referral of qualified applicants.
- Receive technical assistance on labor regulations, recruitment, tax credit information, and unemployment insurance.

People seeking new or better jobs use WorkSource to:

- Obtain an initial assessment of their employment needs and readiness.
- Receive job guidance.
- Obtain information on available jobs.
- Post resumé.
- View the results of training programs.

All individuals legally entitled to work in the United States and all employers are eligible for WorkSource services. Some programs are targeted to particular populations such as UI claimants, dislocated workers, migrant seasonal farm workers, veterans, and persons with disabilities.

WorkSource Partner Programs

WorkSource partners include, among others, local programs administered by three state agencies: The Department of Social and Health Services, Employment Security Department, and State Board for Community and Technical Colleges. The Workforce Investment Act and state policy require specific WorkSource partners.

WorkSource Partners Required by the Workforce Investment Act

- WIA Title I-B Youth, Adult, and Dislocated Worker programs
- Public Labor Exchange Services funded under the Wagner-Peyser Act Veterans Workforce programs
- Trade Adjustment Assistance and North American Free Trade Agreement programs
- Local Veterans Employment Representatives/Disabled Veterans Outreach program
- State Unemployment Compensation programs
- WIA Title II Adult Education and Literacy Programs, including English as a Second Language programs
- Postsecondary Career and Technical Education Programs funded under the Carl D. Perkins Career and Technical Education Act
- Senior Community Service Employment Program funded under Title V of the Older Americans Act
- Vocational Rehabilitation programs authorized under parts A and B of Title I of the Rehabilitation Act

WorkSource Partners Required by the State

- Claimant Placement program
- Postsecondary Career and Technical Education programs
- Worker Retraining program
- WorkFirst

Other Programs Encouraged to Be Part of the WorkSource System

- Apprenticeship programs
- Americorps/Washington State Service Corps
- Tech-Prep Consortia
- Private Career Schools
- Other Programs identified by the WorkSource Area Partnerships

WDCs have oversight of the WorkSource system in their local workforce development areas, and WorkSource Centers operate in each. There are 27 WorkSource centers and 43 affiliates spanning the 12 local workforce development areas of the state.

Workforce Preparation and Employment Services for Adults With Barriers

Assisting Low-Income Adults

The WIA Title I-B Adults program prepares individuals 18 years and older for participation in the labor force by providing “core services,” access to job training, and other services coordinated through WorkSource. Core services, such as skills assessment, labor market information, consumer reports on training programs, and job search and placement assistance are available for all workers, including those who are not disadvantaged. Unemployed individuals who have been unable to find jobs and those who are employed, but need additional services to reach self-sufficiency, are able to access “intensive services.” Priority is given to welfare and low-income clients.

Intensive services include comprehensive assessments, individual counseling, employment planning, and short-term prevocational services. Third-tier “training services” are available to adults who meet intensive service eligibility but are unable to obtain or retain employment through those services. These individuals are eligible for a training voucher; an ITA that pays for training services and is designed to provide customer choice.

WorkFirst is the state’s Welfare-to-Work program for recipients of Washington’s Temporary Assistance to Needy Families (TANF) and other low-income individuals. The Department of Social and Health Services (DSHS) is the lead agency

for WorkFirst in partnership with ESD, SBCTC, and CTED. Participants enter into a “personal responsibility contract” that includes an assessment of skills, prior work experience, employability, and actions that will be taken to achieve the plan’s goals. WorkFirst participants may be eligible for a variety of education and training, employment, and support services. A few of these are outlined as follows:

Employment Services provides employment services to eligible TANF parents to help them achieve their employment goals in the best jobs they are qualified for. Parents are provided services in an atmosphere that is focused on making the best possible employment match based on a Work Skill Assessment and individualized services. Activities are monitored with each parent to ensure movement toward employment goals. When it becomes apparent that a parent needs other services he or she is referred quickly to those services.

Community Jobs program provides comprehensive, paid work experience plus training opportunities for TANF recipients who are encountering barriers entering the regular job market. CTED administers the program through contracts with private nonprofit organizations. Participants work for a minimum of 20 hours per week and have access to one-on-one mentoring support to resolve barriers to work. Participants remain in the program up to six months in order to gain both substantial work experience and an opportunity to deal with life situations beyond crisis management. The ultimate goal is unsubsidized job placement.

Workfirst Training. Under this program, community and technical colleges and WorkFirst training providers at community-based organizations and private colleges are awarded funds to provide customized

job skills/integrated basic skills training, work-based learning/work study, WorkFirst financial aid/work-based learning tuition assistance, other basic skills and/or job skills training, postemployment services, and child care or other services

Adult Basic Skills

Adult basic education services are provided primarily in programs administered by SBCTC with advice from the Washington Adult Education Advisory Council. The purpose of these programs and services are to:

- Assist adults to become literate and obtain the knowledge and skills necessary for employment and self-sufficiency.
- Assist adults who are parents to obtain the educational skills necessary to become full partners in the educational development of their children.
- Assist adults in the completion of a secondary school education. Programs and services are provided by the state’s community and technical colleges and community-based organizations. They include adult literacy, family learning, workplace skills enhancement, English language instruction, citizenship classes, basic skills education, high school equivalency preparation, and an alternative high school diploma.

Adult Basic Education (ABE), English as a Second Language (ESL), and GED Preparation programs help adults improve their English language reading, writing, and speaking skills, math skills, and problem-solving skills so they can be more successful as family members, community members, and workers.

Under the Volunteer Literacy Program, over 25 programs funded through SBCTC use trained volunteers both to augment the

learning of students who are receiving classroom instruction and to provide individual and small group instruction to adult learners.

The WorkFirst program has also developed a special program for participants who have difficulty communicating in English. The Limited English Proficiency (LEP) Pathway blends ESL instruction, job search assistance, and work (or work-like) activities. Those who are employed remain eligible for postemployment services. Over 60 percent of the families who need LEP services are former refugees who come to this country with intact families.

Improving Earnings for People With Disabilities

The Division of Vocational Rehabilitation

As discussed in Chapter 2, “Washington’s Changing Workforce,” there is high unemployment and underemployment among individuals with disabilities. The Division of Vocational Rehabilitation (DVR) offers vocational rehabilitation and training services to help individuals with disabilities become employed. The primary objective is competitive, full-time employment. Depending on the individual’s disability and functional limitations, other outcomes are sometimes more appropriate, such as part-time employment, self-employment, homemaking, sheltered employment, or

supported employment. To meet these objectives, a series of customized services are offered, such as assessment, counseling, vocational and other training services, physical and mental restoration services, and job search and placement assistance.

With the incorporation of the Rehabilitation Act into WIA, a key challenge is to develop partnerships in WorkSource sites. Coordination involves ensuring accessibility of WorkSource core services to persons with disabilities and the inclusion of vocational rehabilitation services as part of the WorkSource system.

The Department of Services for the Blind

The Department of Services for the Blind (DSB) administers vocational rehabilitation services for individuals with limited vision. DSB services include assessment and referral, vocational counseling, job referral and placement, and rehabilitation training in adaptive skills, jobs skills, and assistive technology. DSB also provides occupational licenses, tools, equipment, technological aids, and other goods and services that can be reasonably expected to help participants achieve successful employment outcomes. DSB currently employs 12 full-time counselors with an average annual case load close to 100 participants who require intensive vocational rehabilitation services.

PERFORMANCE ACCOUNTABILITY

In order to meet the combined challenges of the competitive economy, changing labor force, and make the best use of increasingly scarce resources, the workforce development system must continuously improve its performance. What counts are results in meeting the needs of our customers—students, job seekers, workers, and employers. The workforce development system must continuously measure results, identify areas to improve, and make the necessary improvements.

Prior to the creation of *High Skills, High Wages*, Washington State did not have an accountability system for workforce development. What we had were separate accountability activities for many of our programs.

Because these accountability activities were developed in order to meet separate program missions and requirements, they did not add up to systemwide accountability. There were no agreed upon measurable goals for the system as a whole, no common performance measures, and no standards for collecting consistent data from agency to agency. Often data collection focused on inputs rather than results. Some programs did not evaluate what happened to their participants once they left their program, nor did they use program results to guide improvements. This has all changed.

Performance Management for Continuous Improvement

In January 1996, the Workforce Board adopted the design for a new accountability system, “Performance Management for Continuous Improvement” (PMCI). Having a systemwide framework has many advantages, including increased accountability, improved strategic planning, better research, more efficient use of resources, and a sense of shared responsibility among workforce development programs. These advantages can improve the credibility of workforce programs and, in turn, enhance the support they receive and, ultimately, their ability to serve customers.

Based on Washington’s success with PMCI, in 2003 the Department of Labor (DOL) asked the Workforce Board to lead the 50 states in the design of the next generation performance management system. The result is Integrated Performance Information for Workforce Development: A Blueprint for States (IPI). Other states are implementing the IPI Blueprint, and Congress is now considering the IPI performance measures as the standard for workforce development programs.

This could codify consistent measures across federal workforce programs. At the same time, DOL is moving forward with changes in some of the measures required for DOL programs, changes that may be temporary depending on how Congress acts. How this

will play out remains uncertain at this time. *High Skills, High Wages: 2006* makes no changes to the state core measures pending the outcome of these federal developments. Following the reauthorization of WIA, the Workforce Board will join its partners in a full scale review of the state core measures to determine if any changes are warranted.

PMCI Overview

The PMCI accountability system consists of four parts:

1. *Desired Outcomes and Performance Measures*: The results that we are continuously working to improve and the measures that indicate how well we are doing.
2. *Performance Targets and Consequences*: Numerical targets for results and a combination of incentives and sanctions in response to achieving or not achieving the targets.
3. *Data Collection and Reporting*: Standards for the data elements needed to measure and analyze performance, and a series of reports that present results.
4. *Government Management Accountability and Performance (GMAP)*: Governor Gregoire's system of management measures, reporting, and improvement.

Governor Gregoire has instituted the GMAP system consisting of performance measures for each executive agency, regularly and frequently reporting results, quickly identifying problem areas, and identifying and implementing solutions. GMAP employs real-time measures designed for the unique mission of each agency. This system enables managers to quickly spot near-term changes in their agency performance and make appropriate management changes. (See page 41 for more information about GMAP.)

PMCI has a different focus; one that complements GMAP. PMCI focuses on common measures across workforce development programs that share certain desired outcomes (and many of the same customers). Consistent with the Workforce Board's role as policy coordinating body, the measures are designed for policy leaders operating at the "30,000 foot level." PMCI measures enable policy leaders to know the lasting results of programs so they can make appropriate policy decisions, as opposed to GMAP, which focuses on real-time measures and changes that managers can make at the ground level. Together the PMCI and GMAP accountability systems provide a full array of policy and management measures.

Operating agencies have responsibility for their GMAP measures. The Employment Security has GMAP responsibility for WorkSource, including establishing real-time measures (and targets) that can be reported frequently to the Governor. The Workforce Board has the responsibility to maintain strategic measures (and targets) of the results for the entire workforce development system, including WorkSource. In 2007, the Workforce Board and ESD will reexamine the nexus of these two sets of measures (strategic and real time) for WorkSource.

Desired Outcomes And Performance Measures

Desired Outcomes

PMCI identifies five desired outcomes for the workforce development system as a whole. These outcomes focus on the difference workforce development makes in the lives of program participants, their families, and their communities. They are the outcomes that policy leaders want to see. They are not static targets, but conditions that should be increasingly true for all people. Results on indicators of these outcomes are measured

for the population as a whole and separately for women, subgroups of people of color, and people with disabilities.

- *Employment*: Washington’s workforce finds employment opportunities.
- *Earnings*: Washington’s workforce achieves a family-wage standard of living from earned income.
- *Skills*: Washington’s workforce possesses the skills and abilities required in the workplace.
- *Customer Satisfaction*: Workforce development participants and their employers are satisfied with workforce development services and results.
- *Return on Investment*: Workforce development programs provide returns that exceed program costs.

Performance Measures

Policy leaders are busy people and have to digest a tremendous amount of varied information. Measures are more useful to policy leaders if they are understood quickly and easily—the fewer the measures the better. Policy leaders do not have the time to understand a dozen different numerators and denominators for each program. The term “employment rate” should not mean many different things depending on the programs measured.

The PMCI performance measures, therefore, are designed around a small set of measures—the Core State Measures—that can be applied, for the most part, vertically and horizontally throughout the workforce development system.

State Core Measures

What are the best performance measures for workforce development if the same measures are applied horizontally and vertically within the system? Core state measures should address the outcomes that policymakers want to see and answer such basic questions as,

“Do people get jobs?” “What are they paid?” Beyond this, the measures should meet certain quality criteria.

Criteria for Good Performance Measures

Other things being equal, performance measures are better the extent to which they:

- Are outcome measures: Performance measures should be measures of the results for customers as opposed to process measures or measures of program outputs.
- Promote desired results: Because you get what you measure, measures should be carefully designed to promote behavior and results that are consistent with the desired outcomes.
- Are easily explainable to a lay audience: Policy leaders are lay people when it comes to the often arcane subject of performance measures. Keeping it simple is good advice.
- Create a level playing field among programs and service strategies: Measures should be designed so that they do not create a bias toward one program or strategy or another.
- Are scalable and divisible: Measures should be applicable, to the extent possible, to local institutions, regional areas, and the state. Measures should also be divisible so that results can be understood for subpopulations and service strategies.
- Are not easily “gamed”: While there may be no measure that is completely impervious to manipulation, some measures are more susceptible than others.
- Are inexpensive: Performance measures are very important for ensuring that taxpayer dollars are wisely used, but policy leaders very reasonably want to minimize the amount of money spent on activities other than direct service to customers, and those include performance measurement.

Based on the above criteria, and after a long consensus process, PMCI identifies the below measures as the state's core measures for workforce development:

State Core Measures

Employment or Further Education

- a. Programs serving adults: Percentage of former participants with employment recorded in UI and other administrative records during the third quarter after leaving the program.
- b. Programs serving youth: Percentage of former participants with employment or further education as recorded in UI, student, and other administrative records during the third quarter after leaving the program.

Earnings

Median annualized earnings of former participants with employment recorded in UI and other administrative records during the third quarter after leaving the program, measured only among the former participants not enrolled in further education during the quarter.

Skills

Percentage or number of program participants leaving the program who achieved appropriate skill gains or were awarded the relevant educational or skill credential based on administrative records.

Customer Satisfaction

- a. Employer Satisfaction With Former Program Participants: Percentage of employers who report satisfaction with new employees who are program completers as evidenced by survey responses.
- b. Former Participant Satisfaction: Percentage of former participants who report satisfaction with the program as evidenced by survey responses.

Return on Investment

- a. Taxpayer Return on Investment: The net impact on tax revenue and social welfare payments compared to the cost of the services.
- b. Participant Return on Investment: The net impact on participant earnings and employer provided benefits compared to the cost of the services.

Federal acts, such as the Carl Perkins Act and WIA, specify certain mandatory measures of program results. Mandatory federal core measures, unfortunately, are different for each program. States have the discretion to identify additional state indicators. The above state core measures are additional state indicators for Washington.

The methodology for the measures relies as much as possible on administrative records as opposed to program staff or participant self-reports. This data source is used in order to enable as much consistency and objectivity across programs as possible and because it is relatively inexpensive. To measure employment and earnings, the methodology takes advantage of the UI wage files maintained by ESD (and the equivalent agency in other states). These files hold information on all employment covered by the UI system—approximately 90 percent of all employment. Where available, the UI records are supplemented by other administrative records of employment, such as Department of Defense records.

Another important feature is the use of the time period of seven to nine months after a participant has left his or her program as the key period for measuring postprogram results. The Workforce Board and its partner agencies reviewed the results for each postprogram quarter for three and a half years following program exit for five of the largest workforce development programs.

We found that the third postprogram quarter is the best possible single representation of the programs’ relative and lasting results without waiting years to obtain long-term results.

Measures at Each Level of the System

Figure 1 shows the PMCI performance measures at each level of the workforce development system. The five levels are:

- Systemwide: The workforce development system as defined in statute and executive order.
- WorkSource: WorkSource Centers and affiliate sites providing one-stop services as required under WIA Title I-B.
- Statewide Programs: Workforce development programs such as Secondary Career and Technical Education and Vocational Rehabilitation that are statewide in scope.
- Workforce Development Area: The local geographical area defined under WIA Title I-B
- Providers: Individual institutions and entities that provide workforce development services. Examples include individual secondary schools, community and technical colleges, and private career schools, among others.

As Figure 1 shows, PMCI uses the core measures, for the most part, from local providers to the system as a whole. There are some exceptions, however, in order to minimize costs. PMCI does not require customer satisfaction surveys of each local provider, and return on investment is only measured at the statewide level. There are also some additional measures at certain levels as explained below.

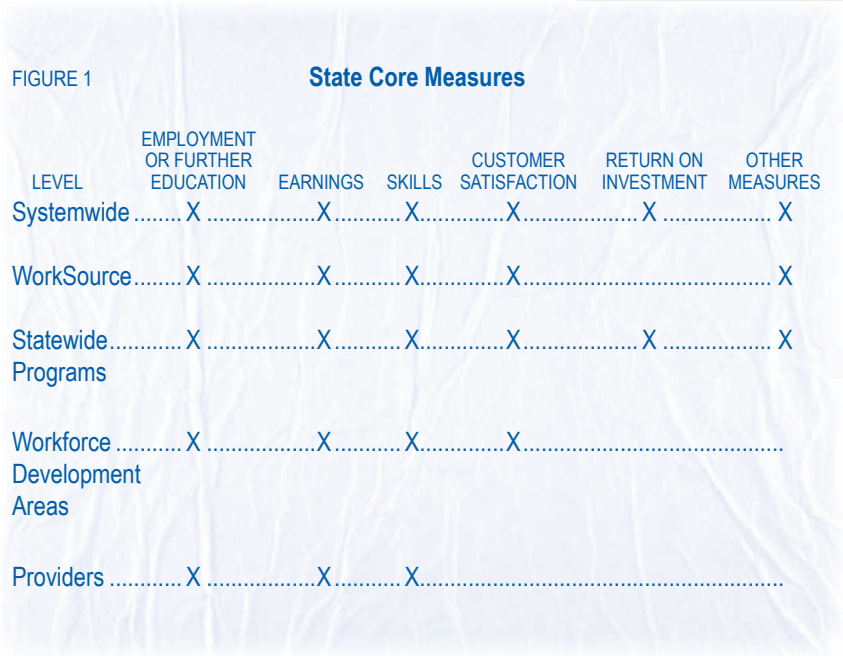
Statewide Programs

While the state core measures provide the most fundamental information on the outcomes that policy leaders want to see, they do not by themselves paint a complete

picture of program performance. PMCI has, therefore, identified a larger set of program measures to paint a more complete picture of statewide program results. The longer list of measures include, for example, measures of poverty rates and results for subpopulations. The Workforce Board uses the longer list of program measures every two years in producing the report, *Workforce Training Results*. The longer list of measures may be seen in that report.

WorkSource Measures

WorkSource is Washington’s one-stop system for employment and training programs. WorkSource participants include individuals and employers who receive services through a WorkSource Center or an affiliate site, services funded under WIA Title I, WIA Title III (Wagner-Peyser), or the state’s WorkFirst program’s employment-related services. Participants in other programs are counted for a particular service when the program dedicates resources for that service



to WorkSource. Together, these populations are considered the WorkSource participant population for purposes of accountability.

For registered participants, the WorkSource measures include most of the state core measures (except return on investment) and the federally required measures for WIA Title I. In order to capture the performance of WorkSource in serving all participants, not just those who register, and to help measure how Washington is doing in creating a one-stop system, there are the following additional indicators:

- Percentage of employers using WorkSource services.
- Percentage of total workers using WorkSource services.
- Number of job openings filled among job orders placed with WorkSource.
- Customer perception of seamlessness.
- Staff perception of seamlessness.

In 2007, ESD and the Workforce Board will examine the relationship between the measurements that each requires from WorkSource to determine how this measurement scheme can be simplified.

Systemwide Measures

In order to measure Washington's progress in achieving the desired outcomes for the workforce development system, PMCI includes systemwide indicators. Some of these are measures of the state's whole workforce, not just individuals who have gone through the programs. We want to know how well the whole state is doing, not just the part of our population who have been program participants. The Workforce Board reports the results each year in *Measuring Our Progress*. Below are the latest results, in many cases compared to the results for the year 2000—a year of very strong economic growth.

Systemwide Measures and Most Recently Available Results **Employment**

- The number of new jobs created in Washington per year (does not include agricultural jobs, the count for which is not available): 62,600 in 2000; 76,900 in 2005.
- Percentage of workforce development program participants self-reporting employment seven to nine months after leaving their program: 79 percent for 2000 participants; 75 percent for 2004.

Earnings

- Mean annual earnings of Washington workers (stated in constant 2005 dollars in order to control for inflation): \$41,368 in 2000; \$40,705 in 2005.
- Annual earnings of workforce development program participants seven to nine months after leaving their program (stated in constant 2005 Q1 dollars in order to control for inflation): \$19,645 for 2000 participants; \$18,214 for 2004 participants. (For 2004 participants, the Workforce Board analyzed the results for four additional programs—the Worker Retraining program, DVR, DSB, and WorkFirst. If those programs were included in the measure, the earnings would be \$16,368.)
- The ratio of dislocated workers' earnings after program participation compared to their earnings prior to dislocation: 94 percent for 2000 participants; and 68 percent for 2004 participants.
- The number of Washington residents living in poverty for every 100 U.S. residents living in poverty: 2.01 in 2000; 1.89 in 2004.
- Among workforce development participants starting below the poverty line, the percentage with personal earnings above the poverty line during the

second year after leaving their program: 50 percent for 2000 participants; 47 percent for 2002 participants.

Skills

- Percentage of students entering ninth grade class who graduate with their class: 66 percent in 2002; 74 percent in 2005.
- Percentage of the demand for workers with between one and four years of postsecondary training (the number of annual net job openings) that can be filled by the annual supply of community and technical college students, private career school students, and apprentices prepared for work: The supply was 77 percent of demand in 2000; 85 percent in 2004.
- Percentage of workforce training participants who report their job-specific skills improved a lot: 69 percent for 2000 participants; 71 percent for 2004.
- Percentage of employed former workforce training participants who report their training was related to the job held nine months after leaving their program: 83 percent for 2000 participants; 66 percent for 2004.

Customer Satisfaction

- Percentage of former workforce training participants satisfied overall with their program: 91 percent for 2000 participants; 89 percent for 2004.
- Percentage of Washington employers satisfied with the overall quality of former training participants' work: 89 percent in 2001; 93 percent in 2005.

Return on Investment

The average ratio of training participants' net gain in earnings and benefits (projected to age 65) to program public costs: \$3.57 to \$1 for 2004 participants.

Performance Targets And Consequences

Performance Targets for Core Measures **Statewide Programs**

For statewide programs, the Workforce Board identifies expected levels of performance on state and federal core measures with the exception of return on investment. (Targets are not set for "return on investment" because the methodology is not sufficiently precise and is too costly to conduct frequently.) These expected levels of performance are for secondary and postsecondary career and technical education, WIA Title I-B, and WIA Title II Adult Education and Family Literacy. The Board also identifies performance targets on relevant measures for Wagner-Peyser, WorkSource, DSHS' DVR, and DSB.

The Workforce Board identifies performance targets based on past performance and expectations for future improvement. The expected level of performance is not the same for each program. Programs serve different populations for different purposes. Programs serving youth, for example, should not be expected to have the same performance as programs serving adults. Also, the expected increase is not the same for each measure. Some areas of performance are more difficult to change than others. In some areas, programs already perform at or near peak levels, so little if any improvement can be expected, while in other areas, substantial improvements can and should be made. The Workforce Board's performance targets for the future emphasize improving employer satisfaction, participant earnings, and skills.

The Workforce Board sets the targets for the state core measures and negotiates agreement on targets for federal indicators with DOL for WIA Title I and the U.S. Department of Education (DOE) for Carl Perkins.

The appendix to this chapter shows the state core measures, targets, and results. (The operating plan for each program has the targets for the federally required measures.) Included in the appendix are actual results for the last three years and expected levels of performance for the next two years.

Performance, of course, is affected by the demographic characteristics of program participants, as well as economic conditions. If economic conditions and demographic characteristics change in the future, the Workforce Board will revise performance targets on the state indicators and negotiate revisions with DOE and DOL for Carl Perkins and WIA Title I, respectively.

Workforce Development Areas

The Workforce Board establishes performance targets on each of the state and federal core measures for WIA Title I for the local WDCs. The expected levels of performance depend on local economic conditions and the demographic characteristics of participants served. In order to adjust expected local levels of performance for such factors, the Workforce Board applies multiple regression models. For example, the Board lowers the performance targets for a local area to the extent that its program participants have demographic characteristics indicating that participants are harder to serve than the state average. The local council and Chief Local Elected Official(s) may request changes to the performance targets and may introduce data not considered by the models.

Providers

The Workforce Board maintains the state Eligible Training Provider List (ETPL). This is the list of training programs that are eligible to train students funded by WIA or dislocated workers receiving extended UI benefits under the state's Training Benefits Program. To be on the list, a training

program must satisfy the Workforce Board's performance criteria. Each year, the Workforce Board establishes minimum standards programs must meet for completion rates, employment rates, and earnings of former students. The ETPL identifies the training programs that meet the standards.

Performance-Based Consequences

At each level of the workforce development system, there are consequences for whether or not the performance targets are met.

Systemwide

WIA authorizes incentive funding for states that exceed the "adjusted levels of performance" in WIA Title I-B, Adult Education and Family Literacy, and CTE. A state that achieves 100 percent on the average for all federal core indicators for each program is considered to have exceeded the adjusted levels of performance, so long as performance does not fall below 80 percent on any indicator.

When Washington receives such an incentive award, it allocates the funds to local areas that exceeded their expected level of performance in these programs, including performance on the state core measures, as well as on the federal core indicators. The Workforce Board identifies the size of the award for each year, and ESD allocates the funds. Funds must be used for system building and not activities that pertain only to a particular program, i.e., WIA Title I-B, Adult Education and Family Literacy, or CTE.

Statewide Programs

If the state fails to meet the adjusted levels of performance on the federal core indicators for WIA Title I-B for two consecutive years, DOL can withhold up to 5 percent of the state's WIA Title I-B funds. DOL considers states to have failed to meet the levels if performance falls below 80 percent of the target levels.

Under the Carl Perkins Act, if the state fails to meet the “adjusted levels of performance” the “state eligible agency” (the Workforce Board), must develop and implement a program improvement plan in consultation with OSPI, SBCTC, and other partners. If the state fails to meet the levels of performance for a second consecutive year, DOE may withhold all or a portion of Carl Perkins Act funds from the state.

If the state is sanctioned by DOE for poor performance, the Workforce Board will reduce the allocation of funds to the secondary and/or postsecondary systems proportional to the sanction and to the extent that the secondary and/or postsecondary systems contributed to the poor results.

Workforce Development Areas

For WIA Title I-B, the Governor earmarks a portion of the state set-aside to reward local areas that exceed 100 percent of the average of the expected levels of performance for the state and federal core measures. The Workforce Board establishes the policy for incentive awards, and ESD allocates these funds to local areas.

If a local area fails to achieve 80 percent average performance across the state and federal core indicators for WIA Title I-B, ESD will require the local council to submit either a performance improvement plan or a modified local plan to the state. If such failure continues for a second consecutive year, the Governor may require the development of a reorganization plan. If the state is sanctioned by DOL for poor performance, ESD will withhold a proportional amount of funds from local areas based on their average performance across the state and federal core indicators.

Providers

To be eligible to receive funding under WIA Title I-B or to train dislocated workers under

the state’s Training Benefits Program, all training providers must meet the performance standards established by the Workforce Board. If a training provider fails to meet the standards for any one year, the provider will not be an eligible provider for the year beginning the first quarter after the substandard performance is reported.

Under the Carl Perkins Act, if a college or school district is not making substantial progress in achieving the expected levels of performance, SBCTC or OSPI, on behalf of the Workforce Board, will assess what is needed to overcome the performance deficiencies, approve a local improvement plan, and conduct regular evaluations of progress.

If the Workforce Board allocation of the Carl Perkins Act funds to the secondary or postsecondary system is reduced due to federal sanctions, OSPI and SBCTC will determine the resulting impact on school districts and colleges, respectively, and allocate the funds accordingly.

SBCTC and the Office of Adult Literacy have identified similar performance-based interventions for Adult and Family Literacy applications.

FIGURE 2 Performance-Based Consequences	
LEVEL	PERFORMANCE-BASED CONSEQUENCES
Systemwide	WIA Section 503 Incentive Awards
Statewide Programs	U.S. DOL and DOE Required Improvement Plans and Sanctions
Workforce Development Area.....	WIA State Incentive Awards, Improvement Plans, Sanctions, Reorganization
Providers	ETP Eligibility, DOE Required Improvement Plans, Carl Perkins Sanctions, and Market-Based Reactions

The Workforce Board operates a consumer report system of training provider results, as well as course descriptions and other key information for potential students (www.jobtrainingresults.org). The consumer report system enables market-based consequences by which provider performance may result in potential customers moving their dollars from lesser to better performing providers.

Data Collection And Reporting

Data Collection

The Workforce Board provides information on results of secondary and postsecondary CTE; WIA Title I-B; work-related Adult Education and Family Literacy, and other workforce development programs; and the WorkSource one-stop system to the appropriate federal agencies, state policymakers, and local WDCs. To accomplish this, the Board ensures participant data from each of these programs and from WorkSource are collected and matched with administrative records to measure the federal and state core indicators. The Workforce Board also conducts participant and employer surveys for these programs and for WorkSource.

The specific data source(s) for participant records for each program is identified in the program's operating plan. For WorkSource participants, the Services, Knowledge and Information Exchange System (SKIES) collects and maintains data. Figure 3 shows the data elements, at a minimum, that are to be collected and recorded for all WorkSource participants who request services other than self-service or information only services.

Data Matching

The Workforce Board, SBCTC, ESD, and OSPI oversee a shared system for matching participant records with other administrative records, including UI wage records and college and university student enrollment records. Washington uses this process for

measuring the performance indicators that are based on administrative record matches. Using the shared matching system ensures that common methodological protocols are applied in calculating the results of workforce development programs.

Training providers that want to offer training funded through ITAs authorized under WIA Title I-B are required to submit cost and participant data to the Workforce Board. The Workforce Board uses the data matching system to match the participant records against other administrative records in order to measure provider performance.

Survey Data

For survey-based research, the Workforce Board and its partner agencies have identified a pool of common survey questions. There are two pools of questions: one for individual participants and one for employers. The questions form the content of the Workforce Board's survey research. The questions are also a pool from which other workforce development programs and agencies may draw when surveying individuals or employers about their program experience or outcomes. The use of common questions helps to ensure consistency in survey-based research throughout the system.

Performance Reports

Figure 4 shows the schedule of Workforce Board reports on the performance of the workforce development system and programs.

As mentioned above, the Workforce Board maintains an on-line consumer report system of training provider results that can be found at: www.jobtrainingresults.org.

Government Management Accountability And Performance

In 2005, Governor Gregoire issued Executive Order 05-02 to establish a comprehensive Government Management Accountability and Performance system. GMAP is a management system that focuses on measuring performance, regularly and frequently reporting results, quickly identifying problem areas, and identifying and implementing solutions. As stated in the Executive Order, GMAP calls upon the Governor and other agency leaders to:

1. Take personal responsibility and hold the agency and its management accountable for results.
2. Use strategies that work, and make corrections when they don't.
3. Base decisions not on guesswork or preference, but on accurate, up-to-date information.
4. Make timely decisions.
5. Follow up to make sure there's implementation after a decision has been made.
6. Take risks and learn from mistakes.
7. Communicate clearly to citizens about results.

GMAP requires each agency to:

1. Develop clear, relevant, and easy-to-understand measures that show whether or not programs are successful.
2. Demonstrate how programs contribute to the priorities that are important to citizens.
3. Gather, monitor, and analyze program data.
4. Evaluate the effectiveness of programs.
5. Hold regular problem-solving sessions within the agency to improve performance.
6. Allocate resources based on strategies that work.
7. Regularly report to the Governor on their performance.

FIGURE 3

Common Data Elements That are Collected at Intake on Program Participants

1. Date
2. First Name
3. Last Name
4. Phone/FAX/E-Mail
5. Address
6. Social Security #
7. Services Requested
8. Gender M/F
9. Limited English Y/N
10. Date of Birth
11. Disability Status-Do you have a physical or mental impairment that:
 - a. Limits the kind or amount of work you can do at a job? Y/N
 - b. Prevents you from working at a job? Y/N
12. What is your highest grade completed?
0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22+
13. What is the highest level of certification or degree you have achieved?
High school diploma
GED
Some schooling after high school but no degree or certificate
Vocational certificate/diploma
Two-year Associates Vocational degree
Two-year Associates Academic degree
Bachelor's degree
Graduate degree
Other
14. With which racial group do you most closely identify? For selection of specific choices, use current U.S. Census elements.
15. Intake Location
16. Currently Employed? Y/N
17. U.S. Veteran: Y/N
18. Displaced Homemaker: Y/N
19. Out-of-School Youth: Y/N
20. Family Size
21. Receive Public Cash Assistance: Y/N

FIGURE 4

Workforce Board Performance Reports

REPORT	SUBJECT
<i>WIA Title I-B Quarterly Report</i>	WIA Title I-B: Report to DOL on the performance of the state and local workforce development areas on WIA Title I-B on federal and state core indicators.
<i>WIA Title I-B Annual Report</i>	WIA Title I-B: Report to DOL on the performance of the state and local workforce development areas on WIA Title I-B.
<i>Consolidated Annual Report</i>	Career and Technical Education: Report to DOE on the performance of secondary and postsecondary career and technical education.
<i>Measuring our Progress Annual</i>	Systemwide Indicators: Report on the state's performance on the work force development systemwide indicators.
<i>Workforce Training Results Biennial</i>	Major Program Results: Report on the performance of the major work force development programs.
<i>Workforce Focus Biennial</i>	Target Populations: Report on the performance of the major workforce development programs in serving target populations.

Governor Gregoire also requested, and the Legislature passed, House Bill (HB) 1970. HB 1970 codifies GMAP in state statutes and extends its coverage to all state agencies, including higher education institutions and agencies headed by other elected officials. As a result, all agencies that are part of the workforce development system are now implementing GMAP. Agencies have identified key performance measures, are tracking the results, and are holding regular management meetings to fix problems. Local WDCs are a part of this process in collaboration with ESD.

The GMAP measures and the measures in this chapter are complementary. The measures in the PMCI system provide consistent information across programs on long-term results. This is very useful information to elected officials and agency leaders for policy initiatives, strategic planning, and other efforts. GMAP, on the other hand, provides measures that are more real-time and more useful to the managers on the ground as they make day-to-day decisions on program operations.

HB 1970 also continues and expands upon the efforts earlier established by Governor Locke to bring Malcolm Baldrige Criteria for Performance Excellence to state government. HB 1970 requires each agency, no later than 2008, to apply at least once every three years to the “Washington State Quality Award, or a similar organization, for an independent assessment of its quality management, accountability and performance system.” The assessment will evaluate the Baldrige categories of: leadership, strategic planning, customer focus, analysis and information, employee performance management, and

process improvement. “The purpose of the assessment is to recognize best practice and identify improvement opportunities.”

Consistent with HB 1970 and WIA’s call for continuous quality improvement, the WorkSource system has widely implemented quality principles. In order to be initially certified during 1999, the state required each WorkSource center and affiliate site to complete a self-assessment based upon the quality categories of the Malcolm Baldrige criteria. In addition to the self-assessment, WorkSource operators were required to sign a statement that confirms a commitment to continuous quality improvement and focus on priority areas of need.

Such quality efforts are expected to continue in the future. Under WIA, each local area must provide in its local WIA Title I-B plan “a description of how the local board will ensure the continuous improvement of eligible providers of services through the system (the one-stop delivery system) and ensure that such providers meet the employment needs of local employers and participants.”

In order to meet this requirement, local councils are encouraged to continue to conduct annual self-assessments using a tool that uses the Malcolm Baldrige Quality Criteria. The self-assessment process should involve all partner program staff involved in WorkSource centers. Measurements of the business results should include the state and federal core indicators for WIA Title I-B.

A critical part of quality improvement is customer focus. WorkSource centers and affiliates should measure customer satisfaction during the time of service

and at the time of exit from service. This information should be used to improve the day-to-day operation of WorkSource.

Finally, the WDCs should include a description of their quality efforts in either their strategic or operational plan.

Closing

The next chapter of *High Skills, High Wages* sets forth the key goals, objectives, and strategies for the workforce development system in Washington for 2006-2008. The success of that action plan will be evidenced by the results of the performance accountability system described in this chapter.

APPENDIX*State Core Measures and Statewide Program Performance and Targets*

STATE CORE MEASURES	PERFORMANCE			TARGETS	
	Year 3	Year 4	Year 5	Year 6	Year 7
WIA Title I, Youth					
Employment or Further Education: Percentage of former participants who were employed, in the military, or enrolled in education or training, during the third quarter after the program.	72.0%	75.8%	71.9%	77.0%	77.5%
Earnings (2005 Dollars): Median annualized earnings of former participants during the third quarter after leaving the program. (Only former participants not enrolled in further education are counted for this indicator.)	\$9,968	\$10,541	\$10,701	\$10,822	\$11,147
Skills: Percentage of participants who obtained an appropriate credential.	67.6%	71.1%	72.4%	75.0%	75.5%
Employer Satisfaction: Percentage of employers who reported satisfaction with new employees who were program completers as evidenced by survey responses to the biennial survey conducted by the Workforce Board. (For all WIA participants; not calculated separately for youth, adults, or dislocated workers.)	83.1%	N.A.	83.5%	N.A.	84.5%
Participant Satisfaction: Percentage of former participants who reported satisfaction with the program as evidenced by survey responses six to nine months after leaving the program.	94.1%	94.8%	95.3%	95.0%	95.0%
WIA Title Adults					
Employment: Percentage of former participants who were employed during the third quarter after leaving the program. (Only former participants not enrolled in further education are counted for this indicator.)	74.5%	75.0%	76.8%	76.0%	76.0%
Earnings (2005 Dollars): Median annualized earnings of former participants during the third quarter after leaving the program. (Only former participants not enrolled in further education are counted for this indicator.)	\$19,625	\$19,955	\$19,603	\$19,813	\$20,390
Skills: Percentage of participants who obtained an appropriate credential.	62.4%	63.9%	63.2%	64.5%	65.0%
Employer Satisfaction: Percentage of employers who reported satisfaction with new employees who were program completers as evidenced by survey responses to the biennial survey conducted by the Workforce Board. (For all WIA participants; not calculated separately for youth, adults, or dislocated workers.)	83.1%	N.A.	83.5%	N.A.	84.5%
Participant Satisfaction: Percentage of former participants who reported satisfaction with the program as evidenced by survey responses six to nine months after leaving the program.	90.6%	90.4%	90.1%	90.0%	90.0%
WIA Title I, Dislocated Worker					
Employment: Percentage of former participants who were employed during the third quarter after leaving the program. (Only former participants not enrolled in further education are counted for this indicator.)	79.7%	81.4%	84.5%	82.0%	82.5%
Earnings (2005 Dollars): Median annualized earnings of former participants during the third quarter after leaving the program. (Only former participants not enrolled in further education are counted for this indicator.)	\$28,583	\$29,359	\$29,752	\$30,359	\$31,244
Skills: Percentage of participants who obtained an appropriate credential.	64.8%	63.5%	72.6%	71.0%	72.0%

STATE CORE MEASURES	PERFORMANCE			TARGETS	
	Year 3	Year 4	Year 5	Year 6	Year 7
WIA Title I, Dislocated Worker (cont.)					
Employer Satisfaction: Percentage of employers who reported satisfaction with new employees who were program completers as evidenced by survey responses to the biennial survey conducted by the Workforce Board. (For all WIA participants; not calculated separately for youth, adults, or dislocated workers.)	83.1%	N.A.	83.5%	N.A.	84.5%
Participant Satisfaction: Percentage of former participants who reported satisfaction with the program as evidenced by survey responses six to nine months after leaving the program.	89.5%	89.1%	89.0%	89.5%	89.5%
WIA Title III, Wagner Peyser					
Employment: Percentage of former participants who were employed during the third quarter after leaving the program. (Only former participants not enrolled in further education are counted for this indicator.)	61.6%	61.7%	62.8%	63.0%	63.5%
Participant Satisfaction: Percentage of former participants who reported satisfaction with the program as evidenced by survey responses six to nine months after leaving the program.	86.7%	85.8%	87.4%	88.0%	88.0%
WIA Titles I and III, WorkSource					
Employment: Percentage of former participants who were employed during the third quarter after leaving the program. (Only former participants not enrolled in further education are counted for this indicator.)	62.0%	62.1%	63.2%	63.5%	64.0%
Earnings (2005 Dollars): Median annualized earnings of former participants in Intensive or Training services during the third quarter after leaving the program. (Only former participants not enrolled in further education are counted for this indicator.)	\$20,718	\$21,825	\$22,642	\$23,321	\$24,021
Skills: Percentage of participants in Training Services who obtained an appropriate credential.	83.7%	84.3%	86.6%	87.0%	87.0%
Participant Satisfaction: Percentage of former participants who reported satisfaction with the program as evidenced by survey responses six to nine months after leaving the program.	86.8%	86.0%	87.6%	88.2%	88.2%
Secondary Career and Technical Education					
Employment or Further Education: Percentage of completers who were employed, in the military, or enrolled in further education or training during the third quarter after leaving secondary school.	74.4%	78.1%	74.1%	76.1%	75.5%
Earnings (2005 Dollars): Median annualized earnings of former participants during the third quarter after leaving the program. (Only former participants not enrolled in further education are counted for this indicator.)	\$11,256	\$11,050	\$11,055	\$11,593	\$11,454
Skills: Percentage of participants who obtained an appropriate credential.	92.0%	91.5%	93.1%	91.9%	92.2%
Employer Satisfaction with Participants: Percentage of employers who reported satisfaction with new employees who were program completers as evidenced by survey responses to the biennial survey conducted by the Workforce Board.	81.6%	N.A.	87.4%	N.A.	85.0%
Participant Satisfaction: Percentage of former participants who reported satisfaction with the program as evidenced by survey responses six to nine months after leaving the program.	95.7%	N.A.	95.9%	N.A.	95.0%

STATE CORE MEASURES	PERFORMANCE			TARGETS	
	Year 3	Year 4	Year 5	Year 6	Year 7
Postsecondary Career and Technical Education					
Employment or Further Education: Percentage of former participants who were employed, in the military, or enrolled in further education or training during the third quarter after leaving the program.	75.1%	74.7%	75.5%	75.5%	75.1%
Earnings (2005 Dollars): Median annualized earnings of former participants during the third quarter after leaving the program. (Only former participants not enrolled in further education are counted for this indicator.)	\$23,243	\$24,231	\$23,831	\$24,620	\$24,423
Skills: Number of participants prepared for the workforce.	22,319	23,692	23,347	22,300	23,500
Employer Satisfaction with Participants: Percentage of employers who reported satisfaction with new employees who were program completers as evidenced by survey responses to the biennial survey conducted by the Workforce Board.	91.1%	N.A.	91.2%	N.A.	90.0%
Participant Satisfaction: Percentage of former participants who reported satisfaction with the program as evidenced by survey responses six to nine months after leaving the program.	82.2%	N.A.	89.6%	N.A.	91.0%
Adult Basic Education					
Employment: Percentage of former participants who were employed or in the military during the third quarter after leaving the program.	55.2%	N.A.	56.1%	N.A.	57.0%
Earnings (2005 Dollars): Median annualized earnings of former participants during the third quarter after leaving the program. (Only former participants not enrolled in further education are counted in this indicator.)	\$16,395	N.A.	\$15,264	N.A.	\$16,794
Employer Satisfaction With Participants: Percentage of employers who reported satisfaction with new employees who were program completers as evidenced by survey responses to the biennial survey conducted by the Workforce Board.	87.5%	N.A.	82.1%	N.A.	85.0%
Participant Satisfaction: Percentage of former participants who reported satisfaction with the program as evidenced by survey responses six to nine months after leaving the program.	85.3%	N.A.	83.7%	N.A.	85.0%
Division of Vocational Rehabilitation					
Employment: Percentage of former participants who were employed or in the military during the third quarter after leaving the program.	46.0%	N.A.	41.0%	N.A.	45.0%
Earnings (2005 Dollars): Median annualized earnings of former participants during the third quarter after leaving the program. (Only former participants not enrolled in further education are counted in this indicator.)	\$13,413	N.A.	\$11,491	N.A.	\$13,210
Participant Satisfaction: Percentage of former participants who reported satisfaction with the program as evidenced by survey responses six to nine months after leaving the program.	67.0%	N.A.	62.9%	N.A.	66.0%
Department of Services for the Blind					
Employment: Percentage of former participants who were employed or in the military during the third quarter after leaving.	41.0%	N.A.	49.0%	N.A.	50.0%
Earnings (2005 Dollars): Median annualized earnings of former participants during the third quarter after leaving the program. (Only former participants not enrolled in further education are counted in this indicator.)	\$21,464	N.A.	\$21,999	N.A.	\$23,055
Participant Satisfaction: Percentage of former participants who reported satisfaction with the program as evidenced by survey responses six to nine months after leaving the program.	82.0%	N.A.	86.2%	N.A.	87.0%

OUR AGENDA FOR ACTION

Our vision is a workforce development system that offers every Washington resident access to high quality academic and occupational skills education throughout his or her lifetime, effective help to find work or training when unemployed, the personalized assistance to make progress in the labor market, and Washington employers access to the skilled workforce they need. By anticipating and planning for economic and demographic changes, the workforce development system enhances the prosperity of the state.

We envision our ideal workforce development system to be:

Responsive. We meet the needs of our economy, our employers, our students, and our workers.

Connected. Agencies and programs work toward the same goals, use resources effectively and efficiently, and ensure programs are seamless for participants.

Accessible. We meet our customers “where they are” by providing them with articulated education and career opportunities and assisting them to overcome barriers so they can reenter education and training at any time throughout their lives.

Respectful of diverse cultures. We serve people of color, women, and individuals with disabilities, ensuring that we remove education and employment disparities for these populations.

Comprehensive. We have high quality education, training, and employment services and the capacity to serve all those in need.

Our Goals

The goals, objectives, and strategies for *High Skills, High Wages: 2006* are the result of collaboration with workforce development stakeholders across Washington, representing employers, labor, education, public agencies, and community-based organizations.

The four goals for workforce development are:

1. *Youth:* Ensure all Washington youth receive the education, training, and support they need for success in postsecondary education and/or work.
2. *Adults:* Provide Washington adults (including those with barriers to education and employment) with access to lifelong education, training, and employment services.
3. *Industry:* Meet the workforce needs of industry by preparing students, current workers, and dislocated workers with the skills employers need.
4. *Integration:* Integrate services provided by separately funded workforce development programs so that we provide the best possible service to our customers.

Ten Strategic Opportunities for the Next Two Years

This final chapter of *High Skills, High Wages* provides a comprehensive agenda of 4 goals, 18 objectives, and 64 strategies that identifies the lead entities responsible for implementation. All the goals, objectives, and strategies are important, and responsible entities are committed to implementing the strategies during the next two years and beyond. At the same time, the Workforce Board has identified key strategic opportunities to further the agenda. The following list encompasses a number of strategies in the plan and provides a focus for partners when they consider new or expanded initiatives.

1. *Increasing high school graduation rates:* About 74 percent of ninth graders graduate on time with their class. The numbers are even lower for some racial and ethnic populations. Those who do not graduate are subject to a lifetime of lower wages. The state must build on the success of community partnerships that implement effective dropout prevention and retrieval programs and hold schools accountable for engaging and retaining students through graduation. While schools are raising their expectations of students, they need to demonstrate the relevance of education, including strong career and technical education programs.
2. *Expanding the availability of career pathways that span secondary and postsecondary education and training:* Career pathways offer students career and technical education in a career cluster; incorporate rigorous academic, as well as technical content; span secondary and postsecondary education and training; and lead to an industry-recognized credential. The reauthorized Carl Perkins Act requires schools receiving federal CTE dollars to have at least one career pathway (also referred to as a program of study). Pathways increase opportunities for students to enter postsecondary education and training and high-skill, high-wage careers.
3. *Increasing postsecondary training capacity:* The state must increase postsecondary education and training capacity if we are to close the gap between the need of employers for skilled workers and the supply of Washington residents prepared to meet that need. Fifty-one percent of employers who attempted to hire workers in 2005 said they had difficulty finding qualified applicants. The largest gap is at the sub-baccalaureate level. Capacity must be expanded at community and technical colleges, apprenticeship programs, and private career schools.
4. *Increasing financial aid and retention support for workforce education students:* If all segments of our state population are to have access to postsecondary training, we must increase financial aid and retention support. Financial barriers are the number one reason why Washington residents do not access postsecondary training. In addition to financial aid, many individuals need support services, such as child care, in order to access training and stay in training until completion.
5. *Increasing ABE Skills and ESL instruction that is integrated with occupational skills training:* Integrated, or “blended,” instruction is more likely to lead to wage gains for participants than basic skill programs that do not include an occupational component. Without education and training opportunities, the state’s illiterate populations, immigrants, low-income workers, and the unemployed can be stuck in dead ends.

6. *Improving coordination between workforce and economic development in key economic clusters:* An economic cluster is a sector of the economy in which a region has demonstrated it has a competitive advantage by a high geographic concentration of firms and employment. Public investments in clusters are more likely to pay off than investments in other economic sectors since clusters have already demonstrated success in the market. Clusters provide an organizing principle around which the state and local areas can successfully coordinate workforce and economic development efforts to the advantage of Washington employers and workers.

7. *Expanding and sustaining skill panels:* An industry skill panel is a partnership of business, labor, and education and training providers in an economic cluster. Skill panels harness the expertise of their members to identify skill gaps and devise solutions to close the gaps. The partnerships foster innovation and enable industries and public partners to respond to and anticipate changing needs quickly and competently.

8. *Expanding customized training for current workers:* With the accelerating pace of technological advances and globalization, there is increasing need to train and retrain current workers to keep pace. Customized training prepares workers with the latest skills required to meet the needs of a particular employer or set of employers, enabling businesses to be competitive. Even with recent investments, Washington lags far behind other states in publicly supported customized training.

9. *Expanding the availability of the Work Readiness Credential:* Washington is working with the U.S Chamber of

Commerce, major national industry representatives, and other states to establish a certification of work readiness as defined by employers for entry-level jobs. The Work Readiness Credential will enable job seekers to demonstrate to prospective employers that they have the knowledge and skills needed for successful performance as entry-level workers. These skills include the ability to: complete work accurately, work in teams to achieve mutual goals and objectives, follow work-related rules and regulations, demonstrate willingness to work and show initiative, and display responsible behaviors at work.

10. *Developing state and local agreements on service integration:* WorkSource, Washington's one-stop system for employment and training programs, provides access to 19 programs. Integrating services from such a large array of programs is a continuing challenge. In order to advance integration, the Workforce Board will coordinate the development of statewide agreements on integration among partner agencies and programs. The agreements will indicate what partner agencies and programs will do to support the integration of workforce development services. The goal of this effort is to improve services to customers.

Moving Toward our Ideal Workforce Development System

The following section addresses the four workforce development goals by first identifying an objective and then providing strategies to ensure we move towards that objective. We outline strategies for the key customers in the workforce development system: youth; adults (including those with barriers to education and employment); and industry (including employers and workers).

Strategies Serving Youth

Youth Goal: Ensure all Washington youth receive the education, training, and support they need for success in postsecondary education and/or work.

Objective 1

All students graduate on time.

- 1.1 Create a state-level public/private partnership that provides demonstration grants to school-community partners for development of comprehensive dropout prevention and intervention programs for middle and high school students at-risk of dropping out and dropouts. *Lead: OSPI*
- 1.2 Expand the Dropout Prevention Initiative to more high schools. *Leads: Governor, OSPI, ESD, Workforce Board, and WDCs.*

Objective 2

All students leave high school prepared for success in further education and/or work.

- 2.1 Increase the number of students who complete a CTE sequence and/or course requirements for admission to a four-year college or university or enrollment in college-level classes at a community or technical college. *Lead: OSPI.*

Objective 3

There is a Comprehensive Guidance System throughout the K-12 system that provides students and their parents with a curriculum to individually plan their pathways and prepare for future education and/or work after high school.

- 3.1 Expand implementation of the “Best Practice” guidance system, Navigation 101, across the K-12 system. *Lead: OSPI and Workforce Board.*
- 3.2 Integrate Individual Education Plans with the 13th year plan required for graduation. *Leads: DVR, DSHS working with OSPI.*

Objective 4

There are secondary CTE programs throughout the K-12 system that enable students to explore career pathways and complete preparatory coursework that matches their aspirations. The career pathways are articulated with postsecondary education and training and result in industry certification.

- 4.1 Expand opportunities for secondary students to take CTE preparation programs and career assessments. *Leads: OSPI and Workforce Board.*
- 4.2 Boost the academic content of CTE programs and recognition of academic course equivalencies. *Lead: OSPI.*
- 4.3 Develop model statewide CTE articulation agreements that provide a program of sequenced courses and ensure all students have access to dual enrollment options. *Leads: SBCTC and OSPI.*
- 4.4 Expand preapprenticeship training to prepare students for direct entry to apprenticeship programs. *Leads: Washington State Apprenticeship and Training Council at L&I and OSPI.*
- 4.5 Pilot the Work Readiness Credential for CTE completers. *Leads: Workforce Board and OSPI.*

Strategies Serving Adults

Adults Goal: Provide Washington adults (including those with barriers to education and employment) with access to lifelong education, training, and employment services.

Objective 5

Increase the number of adults who have at least one year of postsecondary education and training and a credential.

- 5.1 Cover tuition costs for the 13th year for workforce education students who earn less than the Washington median family income. *Leads: Governor and Legislature.*
- 5.2 Expand the Opportunity Grant program in order to provide wrap-around support services and financial aid for more low-income adults so they can complete at least one year of training and obtain a credential. *Lead: SBCTC.*
- 5.3 Provide WIA Title I resources to help student access and retention, including up-front “bridge” funds. *Lead: WDCs.*
- 5.4 Expand use of the Food Stamps Education and Training program. *Lead: DSHS.*
- 5.5 Expand Integrated Basic Skills Education and Occupational Training (I-BEST) programs. *Lead: SBCTC.*
- 5.6 Establish industry-based credentials in occupational and general workplace skills for students that complete one year of training and develop more one-year certificated programs. *Leads: SBCTC and Workforce Board working with Association of Washington Business Institute for Workforce Development.*

Objective 6

Frontline services are accessible for all adults in need of staff assistance.

- 6.1 Create and take advantage of opportunities to redirect resources to front line services. *Leads: ESD, SBCTC, DSHS, and WDCs.*

Objective 7

Postsecondary education and training provides opportunities for going in and out of training over the course of life-long learning.

- 7.1 Expand vertical and horizontal articulation among community and technical colleges and four-year colleges and universities. *Leads: SBCTC and Higher Education Coordinating Board (HECB).*
- 7.2 Expand the availability of applied baccalaureate degrees. *Lead: SBCTC working with HECB.*
- 7.3 Make more part-time students eligible for the State Need Grant. *Leads: Governor, Legislature, and HECB.*

Objective 8

Comprehensive education and career information is readily accessible to adults.

- 8.1 Explore a “Navigation 102” model of comprehensive guidance to pilot in community and technical college workforce education programs and WorkSource centers. *Leads: SBCTC, ESD, WDCs, and OSPI.*
- 8.2 Develop a website that provides information about traditional and non-traditional student financial assistance, including support services. *Leads: HECB, SBCTC, ESD, and WDCs.*

Strategies Meeting the Needs of Industry (Including Employers and Workers)

Industry Goal: Meet the workforce needs of industry by preparing students, current workers, and dislocated workers with the skills employers need.

Objective 9

The Workforce Development System prepares workers with the strong general workplace skills that employers need.

- 9.1 Pilot the Work Readiness Credential in a wide variety of local organizations. *Leads: Workforce Board, WDCs, community and technical colleges, and Chambers of Commerce.*

Objective 10

The Workforce Development System supplies the number of newly prepared workers required to meet employer needs.

- 10.1 Increase capacity in mid-level education and training programs (greater than one year, but less than four years). *Leads: Governor, Legislature, and SBCTC.*
- 10.2 Increase apprenticeship retention and completion. *Leads: Governor, Legislature, Washington State Apprenticeship and Training Council at L&I, Joint Apprenticeship Committees, and SBCTC.*
- 10.3 Provide adequate funding for education and training programs that are in high demand by employers. *Leads: Governor, Legislature, SBCTC, HECB, and four-year colleges and universities.*

Objective 11

The Workforce Development System strengthens key economic clusters by meeting employer and worker needs.

- 11.1 Further develop skill panels by sustaining and creating more panels in key economic clusters, establishing statewide panels in select industries and by enhancing the ability of skill panels to leverage resources to address skills shortages. *Leads: Workforce Board, Governor, and Legislature.*
- 11.2 Establish additional Centers of Excellence in key economic clusters. *Lead: SBCTC.*
- 11.3 Increase the number of workers receiving customized training. *Leads: Governor, Legislature, and SBCTC.*
- 11.4 Develop expertise in the WorkSource System in serving the needs of local employers in key clusters. *Leads: ESD and WDCs.*
- 11.5 Identify and support the development of economic clusters that provide a large number of family-wage jobs. *Leads: Seattle Jobs Initiative, Workforce Board, SBCTC, ESD, and CTED.*

Objective 12

Unemployed workers return to suitable work in as short a time as possible.

- 12.1 Rapidly link dislocated workers with appropriate employment services and retraining programs. *Leads: ESD, WDCs, and SBCTC.*

Strategies for Integrating Workforce Development Services

Integration Goal: Integrate services provided by separately funded workforce development programs so that we provide the best possible service to our customers.

Objective 13

The Workforce Development System is coordinated with other education and training systems.

13.1 The Workforce Board should participate on a new P-20 Education Council that coordinates education policy for the state from pre-school through graduate school. *Leads: Governor and Legislature.*

13.2 The Workforce Board should participate on a newly constituted HECB. *Leads: Governor and Legislature.*

Objective 14

The Workforce Development System is coordinated with economic development.

14.1 The director of CTED should be appointed as an ex officio participating official on the Workforce Board. *Lead: Governor.*

14.2 The executive director of the Workforce Board should be appointed as an ex officio member of the Economic Development Commission. *Lead: Governor.*

14.3 The Workforce Board and CTED, in collaboration with the WDCs, Economic Development Councils, community and technical colleges, and local governments should be directed to develop a plan to support coordination at the regional level of workforce and economic development efforts. *Lead: Governor.*

14.4 CTED and the Workforce Board should be directed to develop a cluster-based strategy as a central organizing principle for their activities and as an important method to close skill gaps. *Lead: Governor.*

14.5 CTED, the Workforce Board, SBCTC, and ESD will coordinate grant processes wherever appropriate. *Leads: Workforce Board, CTED, SBCTC, and ESD.*

14.6 Coordinate the research activities of workforce and economic development agencies. *Leads: Workforce Board, CTED, SBCTC, and ESD.*

Objective 15

Local and state goals for WorkSource are aligned.

15.1 The ESD senior leadership team and the WDCs' directors commit to an even stronger integrated partnership in overseeing the management of the Work-Source System. *Leads: ESD and WDCs.*

15.2 ESD will continue to be the lead organization for developing statewide WorkSource operational policies. *Lead: ESD.*

15.3 All staff within a WorkSource Center will function as part of a multiagency team coordinated by the one-stop operator. *Leads: ESD, WDC, Workforce Board, and WorkSource partner programs.*

15.4 ESD and the WDC directors should work with WorkSource partner programs toward integrated, not commingled, budgets for WorkSource centers. *Leads: ESD and WDCs.*

15.5 One-stop center results will be reported in concert with ESD using a GMAP approach. *Leads: ESD and WDCs.*

Objective 16

Workforce development program services are integrated.

16.1 Develop state directives and agreements on integration. *Leads: Governor, Workforce Board, and WorkSource partner Programs.*

16.2 Collocate WorkSource Centers and establish affiliate sites on more community and technical college campuses. *Leads: Governor, Legislature, ESD, SBCTC, and WDCs.*

16.3 Mandate increased use of common assessments. *Leads: ESD and WDCs.*

16.4 Enhance management information system integration. *Leads: ESD and WDCs.*

16.5 Seek alignment of eligibility criteria for dislocated worker programs. *Leads: Workforce Board, ESD, and SBCTC.*

16.6 Pilot the collocation of L&I Vocational Rehabilitation Services at WorkSource centers. *Leads: L&I, ESD, and WDCs.*

16.7 Establish an interagency workgroup on serving people with disabilities. *Lead: DVR.*

16.8 Improve coordination of job development and referrals. *Leads: ESD and WDCs.*

16.9 Establish integration as a WorkSource certification criteria. *Lead: Workforce Board.*

16.10 Establish integration as a criteria for plan approval. *Lead: Workforce Board.*

Objective 17

Performance accountability is expanded for integrated services.

17.1 Following the reauthorization of WIA, the Workforce Board will join its partners in a full scale review of the state core measures to determine if any changes are warranted. *Lead: Workforce Board.*

17.2 ESD and the Workforce Board should reexamine the relationship between the measurements that each requires from WorkSource to determine how this measurement scheme can be simplified. *Leads: Workforce Board and ESD.*

17.3 The Workforce Board will collaborate with ESD's Labor Market and Economic Analysis unit and other partners to examine measures of skills gaps for possible enhancement, such as measuring the gaps in key economic clusters. *Lead: Workforce Board.*

17.4 The Workforce Board will regularly develop and publish a "Workforce Tracking Matrix" that shows workforce development programs' funding, services, and results. *Lead: Workforce Board.*

Objective 18

Enhancements are made to the Workforce Board's capacity to coordinate the Workforce Development System.

18.1 The Governor should direct that the following programs be included in the system performance measurement considerations of the Workforce Board and be considered in developing the State Strategic Plan for Workforce Development: WorkFirst and the Customized Training program. *Lead: Governor.*

18.2 The Governor should appoint a WDC director to fill the vacant local representative position on the Workforce Board. *Lead: Governor.*

18.3 There will be a clear mutual understanding of the strategic role of the Workforce Board and the operational role of the agencies, and the difference between the two roles. *Leads: Workforce Board and operating agencies.*

18.4 The staff of the Workforce Board and the staff of the operating agencies represented on the Board will endeavor to strengthen the ways in which they collaborate to benefit the customers of the workforce development system. *Leads: Workforce Board and operating agencies.*

18.5 The Workforce Board will enhance the use of its Interagency Committee for program coordination. *Lead: Workforce Board.*

What Are Our Challenges?

As described in the first two chapters, Washington's workforce is aging and becoming more ethnically diverse. It is also growing at a slower rate. The changes in our workforce and our economy pose challenges and opportunities. The challenges of slower population growth and increasing skill needs make it essential that we provide historically underutilized populations with knowledge and skills to participate in tomorrow's economy. We need to ensure we develop an adequate workforce that supports our employers and a thriving economy.

Youth, adults, and industry each face specific challenges. Too many of our youth drop out of high school—only 74 percent graduate on time with their ninth grade cohort. Too many leave high school without adequate

preparation for further education or success in the workplace. Many adults need support in finding work, retaining work, and moving up a career ladder so that they can earn a family-wage living. Our employers need more workers with mid-level preparation—those that complete workforce training programs at community and technical colleges, private career schools, and apprenticeships. Many of our current workers and dislocated workers need training to update their skills or learn new skills that meet the changing needs of the economy.

The next sections outline the challenges for serving the workforce development needs of youth, adults, and industry, and provide the rationale for the strategies in *High Skills, High Wages 2006*.

What Are Our Challenges in Serving Youth?

In Brief: Key Issues for Youth

We face steep challenges in improving education and employment outcomes for our youth.

- About one in four students do not graduate on time with their cohort.
- Youth who drop out and many other students who remain in school do not see the connections between what they are learning and their futures, and many students leave school unprepared for further education and/or work.
- There are large disparities in education and employment outcomes between the general youth population and students with disabilities or from racial and ethnic minorities.

We have developed programs to address these concerns, but we need to expand these efforts.

"Isn't that what our education system should be about, shepherding our children towards their life goals? Yes, academic knowledge is important—who can survive today without a good grounding in math, science, reading, writing, technology and computer literacy?—but shouldn't the academic knowledge we teach be couched in what makes it useful in our kids' future life and work? Haven't we seen enough kids so turned off by school that they drop out and give up on their dreams? And haven't we seen how motivated young people can become when they see that what they are learning is helping them reach for the job they want, follow the career they seek, and fulfill the ambitions they have to change their world?"⁷⁷

- Dropout prevention initiatives in several local areas reconnect youth who have dropped out with programs that help them achieve credits towards a high school diploma. These programs also improve the achievement and motivation of youth at risk of dropping out. Programs may include interventionists who connect youth with the services they need whether it is academic tutoring or support services. These programs are small and few and should be strengthened and expanded to reach more young people.
- Intensive CTE programs help students understand the connections between learning and their future lives and prepare them for further education and/or the world of work. Many schools offer only a limited career and technical education program that should be expanded from the exploratory to the preparatory.
- While there are many CTE programs that offer dual enrollment options to enable students to gain credit towards graduation and postsecondary credit, these often only articulate with one program at one postsecondary institution. CTE dual enrollment options should articulate with a broad range of postsecondary programs.
- Some schools integrate the IEP for students with disabilities with a 13th year plan required of all students, but this is not common practice for most schools.
- A few high schools and skills centers have developed preapprenticeship programs as part of their career and technical education offerings. These prepare students for apprenticeships and may lead to direct entry into apprenticeship programs when the student completes high school. Many more high schools and skills centers could develop preapprenticeship programs.

The Dropout Issue

The most serious issue for youth is the high dropout rate during secondary school and sometimes earlier. In recent years, national studies conducted by organizations such as the Manhattan Institute and the Bill and Melinda Gates Foundation have highlighted the dropout issue for states across the nation. State studies, such as the interim report of the Governor's Washington Learns initiative (a comprehensive two-year study of Washington's entire education system), also emphasize the need to reduce the dropout rate.⁷⁸ As data has become more reliable and we follow the cumulative dropout rate beginning in ninth grade, we have learned that a much higher number of youth are dropping out than was previously thought.

According to OSPI, of the students who began ninth grade in the fall of 2001 and were expected to graduate in 2005, an estimated 19.1 percent dropped out. About 74 percent of this cohort graduated "on time" and 6.6 percent were still enrolled in school at the end of twelfth grade. During the same time period, only about 55 to 61 percent of American Indian, African American, and Hispanic students graduated on time.⁷⁹

The consequences of leaving school without a high school diploma are severe. Those who drop out of high school earn about 25 percent less than those with high school diploma, earning \$21,600 per year compared to \$30,800.⁸⁰ If you drop out, you are "much more likely to be unemployed, living in poverty, receiving public assistance, in prison, on death row, unhealthy, divorced, and/or a single parent with children who drop out from high school themselves." High dropout rates are a burden on our economy with fewer skilled workers paying income taxes and increased costs of health care, social services, and incarceration.⁸¹

Why do students drop out? A report from the Bill and Melinda Gates Foundation surveyed youth to ask them why they dropped out of high school. Respondents reported a variety of reasons, but the top reason is a lack of engagement and connection to their educations. About half of respondents said their major reason for dropping out was that their classes were not interesting, they were bored, and they were disengaged. About 70 percent of respondents said they were not motivated or inspired to work hard.⁸²

Systemic school improvement alone will not keep all students engaged in school nor will it meet the requirements of the federal No Child Left Behind Act. The latest evidence from other states shows that without a concerted effort on the part of schools and communities to address the dropout issue, the implementation of the WASL as a graduation requirement may lower the graduation rate. Increasing academic success and increasing graduation rates need to be dual goals for the K-12 system. The data currently exists to identify, with a high degree of predictive validity, which individual students in middle school and high school are likely to drop out.

A number of promising practices exist for dropout prevention and intervention, such as tiered interventions in schools, active case management, support services that reduce barriers to learning, dropout retrieval, and alternative learning options or settings. These promising practices should be incorporated into a demonstration grant program targeting students most at-risk and collects the necessary data to replicate programs that produce the best results.

To address dropout problems, the Workforce Board joined forces with ESD and OSPI to create the Dropout Prevention and Intervention Initiative. We awarded \$1.34 million in WIA funds to WDCs to jointly plan and deliver dropout prevention and intervention

The Dropout Prevention Initiative

The Dropout Prevention Initiative (DPI) provides local WDCs and schools with the flexibility to structure youth dropout prevention and retrieval efforts based on local needs and includes:

Prevention services—identifying students at risk of dropping out, and providing support so that students stay and succeed in school.

Retrieval services—providing rapid response or reentry services to bring young people back into an educational setting.

Recovery programs—coordinating services that help young people return to school and recover lost credits through seat time or competency testing; and resolving academic, social, or personal issues that inhibit successful learning.

Governor's Promising Practice: "Academic Intervention Specialist"

The Olympic WDC's DPI project received a Governor's Promising Practice Award in 2005. The WDC works with Educational Service District #114 (Bremerton, Port Angeles, South Kitsap, and Chimacum School Districts) and the Northwest Services Council and has served more than 50 youth in the region, including 15 youth who had dropped out and 35 students who were identified "at-risk" of dropping out.

A key component of the program is the addition of a caring, interested adult in the lives of these youth. The "intervention specialist" and the WIA youth counselors work together to address the issues and circumstances impacting a young person's lack of success. This requires a look at not only the youth, but also the other people in his/her life, including parents. This holistic approach allows a more comprehensive and longer-term impact on the youth and those around them.

The intervention specialist coordinates a rapid response or re-entry plan with school districts, builds a personal relationship with the students and assists them in reconnecting with their schools in either the traditional setting, alternative school, or in the local community college, if appropriate. The specialist works with youth to assess their current academic standings, number of credits needed to graduate, and a variety of options. He or she then assists the youth in making the necessary contacts to accomplish this goal, and maintains contact on a regular basis to monitor their progress.

The project far exceeded projected outcomes. Over the 2004-2005 school year the project retrieved 15 dropouts (10 projected) and retained 35 at-risk youth (25 projected). In addition, youth earned 92 credits towards graduation (20 projected); youth earned 23 diplomas (5 projected) and 47 youth were on track to receive diplomas (15 projected).

“The cornerstone of the model is the recognition that there are specific skills and a specific body of knowledge that every student needs to master in order to take charge of his or her own education, career, and life . . . this model has had a profound impact on student motivation, and on students’ willingness to take on more challenging coursework.”

Tim Stensager,
CTE Director and Founder of
Navigation 101, Franklin
Pierce School District

services with schools and community organizations. The WIA funds leveraged about \$2.2 million in Basic Education Act funds (as of June 2005) to coordinate a range of direct services retrieving dropouts back into an education setting and keeping youth in school. While these programs are working well, they are only able to serve a very small portion of all those in need. In order to expand this initiative, we recommend that the Governor consider applying to DOL for a waiver that will allow WDCs to use local WIA formula funds for this effort.

The Need for Comprehensive Career Guidance, Navigation 101

Many students leave high school without a clear direction and unprepared for further education or work. This may result in having to take remedial classes in college, dropping out of college, and spending several years or a lifetime in low-paid work. If K-12 students do not make a connection between the relevance of their learning and their future lives, there is also a higher risk of dropping out while in K-12. A new comprehensive career guidance model, Navigation 101 is having a powerful impact on student retention rates, increasing rigorous course-taking, increasing on-time graduation, and improving transitions to postsecondary opportunities.⁸³

State graduation requirements include a 13th year plan for students to map out what they will do in the year after high school.⁸⁴ This is a good first step, but schools need to ensure that this activity is connected with a variety of other activities for the plan to be meaningful. Schools are only required to hire one person for both counseling and guidance purposes, so students may not be able to access the type of guidance and support they need, and other staff and teachers may not be equipped to meet these needs.

What is Navigation 101?

Navigation 101 is a comprehensive career guidance model that:

- Teaches students the skills they need to chart their own courses through middle school, high school, postsecondary education, and adult life.
- Provides students with ongoing, personal relationship with adults that last throughout the four years of their high school careers.
- Provides a meaningful way to keep parents involved in the decisions their teens are making.

All students take Navigation classes twice a month over four years from middle school through high school with the same advisors. The central component is a career guidance curriculum that includes:

- Discussion and analysis of test results.
- Various assessments of personal interests and aptitudes.
- Goal-setting skill development.
- Planning for each year’s high school course selection and personal goals.
- Independent living skills lessons, such as how to budget and how to balance a checkbook.
- Information about how the postsecondary education and training system works and how to access it.
- Development of student portfolios and planning for annual, student-led planning conferences with their parents or guardians and Navigation teachers.

In addition, students learn how to write resumés, how to use the full array of resources available to job seekers, and how to enroll in programs that allow them to earn both high school and postsecondary credits before high school graduation.⁸⁷

Navigation 101, the comprehensive guidance model first established in the Franklin-Pierce School district, aims to motivate students in middle and high school so they can develop educational and career goals and be successful in meeting them. This comprehensive guidance model involves significant restructuring of the school system. The central component is a guidance curriculum. All students take Navigation classes twice a month over four years from middle school through high school with the same advisor. The school restructures its schedule on Navigation days and makes it a priority to meet students' course selections. Parents and guardians are involved in their child's goal development and course planning at student-led conferences.

The results from the first few years of implementation are outstanding. Since the model was implemented the percentage of students receiving one or more "F" grades dropped from 50 percent to 42 percent, the number of students taking "gatekeeper" courses in math and science has risen significantly, and the number of students moving from ninth to tenth grade has increased from 70 percent to 81 percent.⁸⁵

The interim report of the Governor's "Washington Learns" initiative recommended requiring a comprehensive career guidance program in secondary schools.⁸⁶ In 2006, the Legislature passed Engrossed Substitute Senate Bill 6255 that encourages all secondary schools to provide a comprehensive guidance program and provides student planning grants through OSPI. The Governor and Legislature allocated \$3.98 million to OSPI for dissemination of the Navigation 101 curriculum and for grants to implement the program in 100 school districts.

Career and Technical Education Promotes Student Success

Secondary CTE plays a central role in helping students to be successful in their life after high school. CTE helps different students in different ways. CTE's applied learning techniques often enable students who are at risk of dropping out to achieve academic success for the first time in their school experience. At the same time, CTE connects learning to career aspirations, providing a reason to stay in school.

For students who were previously uninterested in math and science, CTE's direct applications of theory to practice often inspire a new interest in these subjects. CTE also helps academically advanced students prepare for their career at an earlier age acquiring skills that are relevant to their future education and careers.

In Washington, CTE completers continue on to postsecondary education at about the same rate as do other students. Students who complete a CTE sequence have better employment and earnings outcomes than students with similar demographic characteristics who do not complete a CTE sequence. The tax revenue generated by the increased employment and earnings more than offsets that taxpayer cost of CTE.⁸⁸ In addition, national studies show that CTE can reduce the probability of dropping out of high school.⁸⁹

Some CTE programs plan to pilot the Work Readiness Credential as part of their CTE programs. This would enhance the employability of students who complete their CTE sequence. See page 65 for more on the Work Readiness Credential.

Policymakers and educators are beginning to recognize the significance of CTE in supporting education reform. As described by Dr. James Stone of the National Research Center for CTE, CTE is both a classroom

*"This makes our future
much more real to us."*
Student at
Franklin-Pierce
High School

"In taking Sci-Ma-Tech, I realized there are a lot of technology-based jobs that I would be able to do."

"I've learned a lot of different design techniques. I am planning on being an architect and it has taught me how to do a lot of planning and designing and how to use the math in my designing."

"There were a lot of components that we learned in our Sci-Ma-Tech class that we had in the WASL. Sci-Ma-Tech helped me to remember the science for the WASL."

"The class got me extremely excited about science and math. Because it integrates math, science and technology with English, I really enjoy these subjects now. When you're having fun you learn more and remember more, even those social skills that go along with hands-on learning projects. I think this program has helped many students to learn math, science and technology."

Brier Terrace 8th
Grade Students in CTE
"Sci-Ma-Tech" Industrial
Technology Class⁹⁰

"CTE provides a math-rich curriculum—though we haven't taken the best advantage of this opportunity to teach math."

Dr. James Stone

experience and a structural experience. The classroom experience includes work-based learning, student learning organizations, and teacher preparation. The structural experience includes dual credit options, skills centers, career pathways, and career academies, among other components.⁹¹

CTE courses can teach a broad range of academic knowledge through applied learning. For example, a 2005 study from the National Research Center for CTE found that enhancing the CTE curriculum with math significantly improves the math skills of students.⁹² If we are to take advantage of CTE as a way of boosting academic achievement and preparing students for life beyond high school, school administrators and faculty should search for ways to increase the academic. We must also ensure the content is recognized and credited towards graduation requirements and college admission. In 2006, the Washington State Legislature passed SHB 2937 requiring school districts to establish a process for crediting academic knowledge taught in CTE.

Improving Transitions for Youth With Disabilities

While youth with disabilities are required to complete an IEP, this is not always connected with the 13th year plan required of all students for graduation. Some well-intentioned teachers, counselors, and parents are not aware of education and employment opportunities for students with disabilities. The Center for Change in Transition Services at Seattle University is dedicated to improving transitions from school to education and work for students with disabilities. The Center educates parents, counselors, and educators about the wide variety of opportunities available to students with disabilities. It advises that, in addition to

"[Since the 80s] the increase (in average Carnegie units for graduation) has been almost exclusively in science and math. But, what has that increase in course-taking brought us? It doesn't seem to have bought us very much. While more middle and high school students are required to take more math, and more algebra, it hasn't translated to any improvements on the NEAP test in 30 years."

Dr. James Stone

Math-Enhanced CTE: A Study by Dr. James Stone, National Center for CTE⁹³

The study explored whether "Math-enhanced CTE" would improve math achievement of students and what effect this would have on occupational learning. In "Math-enhanced CTE," the teacher introduces the lesson, introduces embedded math so the student is hardly aware that it is "math," provides related contextual math examples, and finally offers a more traditional math example so the student becomes aware that they are learning math.

The year long study included 3,000 students, over 150 teachers, 10 states, and 5 CTE applications (Auto Tech, Business, IT, Agriculture, and Health). Teachers received professional development, pedagogy, and training in curriculum mapping training. Researchers set up learning communities of teachers in each application, videotaped some of the classes, and interviewed teachers after the study.

The study found that "Math-Enhanced CTE" significantly improves the math learning of students. At the same time, "Math-Enhanced CTE" does not negatively impact the learning of occupational skills and knowledge.

the graduation requirements for all students, the following activities should be “non-negotiable” for students in Special Education.

- Identifying postsecondary goals.
- Developing and implementing a course of study to reach goals.
- Developing IEP goals to provide specially designed instruction.
- Identifying appropriate postsecondary agency linkages.
- Conducting post-school research to measure outcomes.⁹⁴

Tech-Prep and Career Pathways: Improving Transitions to College

One way of connecting youth with postsecondary education is to ensure that high school programs articulate with college programs, so that students take a sequence of classes that lead directly into postsecondary coursework. Tech-Prep is a national educational initiative, outlined in the Carl D. Perkins Act, Title II, that aims to strengthen connections for CTE students to postsecondary study. According to the legislation Tech-Prep programs must:

- Lead to an associate degree, two-year certificate, or apprenticeship.
- Provide technical preparation in at least one field of engineering technology, applied science, mechanical, industrial, or practical art or trade, or agriculture, health, or business.
- Build student competencies in mathematics, science, technology, and communications through a sequential course of study.
- Lead to employment or further education.⁹⁵

Many Tech-Prep programs in Washington offer dual enrollment courses that enable students to obtain credit towards high school graduation and college credits at the same time. Tech-Prep programs, however, need to move beyond single course articulation

agreements to broad agreements so that a sequence of courses articulates with a field of study at the postsecondary level.

Preapprenticeships—A Running Start Program for Career and Technical Education

Preapprenticeship programs offer another career pathway option. The interim report of the Governor’s “Washington Learns” initiative recommends creating “preapprenticeship programs for high school students that lead to an apprenticeship after graduation. Students who participate in this pathway will be expected to meet all academic requirements for high school graduation.”⁹⁶ In 2006 the Governor initiated, and the Legislature passed, a bill to increase the number of students preparing for apprenticeship training. Second Substitute House Bill 2789 directs the Washington State Apprenticeship and Training Council to oversee direct-entry programs into apprenticeships for secondary students. The 2006 supplemental budget provides \$175,000 for grants to develop programs.

What are our Challenges in Serving Adults?

Our workforce development system should provide education and training opportunities for adults that help them get a job (or a better job) and increase their earnings. We need to meet adults “where they are”—whether they are low-skilled, low income, lack English language proficiency, or are individuals with disabilities. Participants in workforce development programs say they need more access to career information. Others who need education and training never begin a program because they cannot overcome child care, transportation, and financial barriers. Individuals often need one person—a case manager or career advisor—to help them identify their goals and develop a plan for getting there. With one year of postsecondary training and a credential, adults who were

previously low skilled are able to increase earnings substantially. Since Washington's employers report they have the greatest difficulty finding workers with mid-level preparation, targeting education and training resources to help adults move up a career ladder would also help meet the needs of employers and the economy.

Achieving the "Tipping Point"

A longitudinal study by SBCTC tracked 35,000 community and technical college students who entered a community or technical college with a high school education or less or who were lacking English language proficiency. The study found that if these low-skill adults receive at least one year of postsecondary education and a credential, they can significantly improve their earnings.⁹⁸ One year of postsecondary education and a credential is the "tipping point," less than that does not appear to make a significant difference for most adults in this population. In Washington:

- One out of every four persons 18 to 24 years old has no high school diploma.
- More than one third of the working population (25 to 49 years) has a high school education or less.
- Non-English speakers 25 or older doubled in the 2000 census.

A New Approach to Low-Wage Workers and the Economy, MDRC⁹⁷

The economic well-being of low-wage workers and their families has become a focus of mounting public concern. Low-wage workers represent a sizable and growing segment of the nation's labor force and are critical to the success of the U.S. economy. However, they typically struggle to make ends meet and often go without health insurance and other benefits. At the same time, employers in high-demand and high-growth sectors in many areas of the country report having serious difficulties in filling second- and third-level job openings (that is, openings for positions above entry level requiring additional training and skills), and employers are concerned with job turnover and low retention rates among low-wage workers in many industries—and with associated costs.

The "Tipping Point"

One year of postsecondary education plus the attainment of a credential leads to:

- An increase of \$7,000 in additional yearly earnings for students who enter postsecondary education to study ESL.
- An increase of \$8,500 in additional yearly earnings for Adult Basic Skills students.
- An increase of \$2,700 and \$1,700 respectively in additional yearly earnings for workforce students entering with only a GED or high school diploma.¹⁰⁰

The study tracked 35,000 students who came to Washington's community and technical colleges with a high school education or less or who were lacking English language proficiency.

- Nearly half of Latino/Hispanics 25 years or older have less than a high school education.⁹⁹

Lower education levels are associated with higher rates of poverty. If we are to reduce the dependence on welfare and improve the earnings of the working poor, we need to provide education and training opportunities that will lead to increases in their future earnings.

In order to help more students reach the tipping point, the community and technical colleges should develop more one-year certificated programs. In response to a Workforce Board survey of 306 community and technical college staff, 75 percent agreed that "there are not enough short-term training programs with immediate economic payoff in the labor market." In addition, the state should recognize and support the continuing role of private career schools in providing workforce training at this level.

Helping Students Stay in School With Financial Aid and Support Services

Workforce Board and national research show that the most important factor in enabling more people to access and complete postsecondary education and training is financial aid. For example, the Workforce Board surveyed over 600 WorkSource and community and technical college staff and asked them what are the two most frequent barriers to enrolling in training programs. Seventy-two percent of college staff and sixty-two percent of WorkSource staff named financial constraints. When asked what are the two most frequent reasons why students leave training before completion, 87 percent of WorkSource staff and 81 percent of college staff mentioned financial constraints. Similarly, surveys of potential students also find that the most common reason for not enrolling in training is the inability to afford tuition and fees. Among community and technical college students who left college before completing 45 credits, financial issues were the top cited reason.

By covering the cost of tuition for one year for workforce education students, the state would enable more Washingtonians to achieve the tipping point. Research also shows that the provision of financial aid has the greatest effect on enrollment for low-income individuals and first generation college students, so the proposal would provide the greatest benefit to those segments of the population who have not been part of the economic mainstream.

Low-income individuals often need funds up front to pay tuition and other costs related to training. They can not afford to wait to be reimbursed. Tacoma-Pierce County WDC's innovative Career Coach program is an example of what can be done. Career Coach uses WIA funds to provide up front tuition

and support services for low-income workers in the health care industry. Health care employers later reimburse program costs.

Many studies have highlighted the lack of persistence of students in postsecondary education. According to DOE, more than a quarter of students who enter a four-year public educational institution do not persist beyond their first year, and one-fifth of those enrolled full-time at community and technical colleges leave after a year. Among part-time community college students, almost half leave after a year. In Washington, the five year graduation rate for public baccalaureate institutions ranges from 36 percent to 64 percent, depending on the institution. Lack of preparation for college-level work is part of the problem, and over half of two-year enrollees have two or more "risk factors" such as full-time employment, completion of a GED, and delayed or part-time attendance when first starting college.

WIA funds are frequently used to help low-income students stay in school through the provision of support services. WDCs should continue their efforts to ensure they are providing appropriate levels of WIA resources to assist low-income students to stay in and complete postsecondary training.

In 2005, the Washington State Legislature passed House Bill 1345, creating a pilot program to provide financial aid to working adults. Many students at community and technical colleges are working adults who have to attend less than half-time; this usually makes them ineligible for federal and state financial aid. SBCTC is working with the HECB to track outcomes for students that are participating in this pilot.

"Many students who start out at community college fail to persist. Nationwide, half drop out and do not reenter within a six year period. Many students lack good academic preparation, many do not have a high school diploma, and many nontraditional students are balancing the competing demands of going to school, family, and work. These students lack support and this leads to dropping out of college. They need academic and career guidance, personal support, financial support for tuition, books, travel, and child care and other wrap-around services."

Thomas Brock, MDRC¹⁰¹

"As college attendance has become more common, the profile of the typical college student has changed beyond recognition. Today, just one of four undergraduates nationwide is a "traditional" student, meaning that just one of four enrolled in college immediately after high school, attends full-time, works part-time or not at all, and is financially dependent and unmarried without children. Only 10 percent of undergraduates have all of these characteristics of "traditional" students and also attend a four-year college and reside on campus."

Dan Bloom and Colleen Somo¹⁰²

The 2006 Legislature took the concept of support for working adults one step further. Since financial aid is not the only barrier to students persisting or even entering postsecondary education, a 2006 supplemental budget proviso created an “Opportunity Grant” program. The Legislature allocated \$4 million to SBCTC to conduct a pilot program that provides financial aid and support services to low-income students in job-specific programs. In addition to financial support for tuition, students may receive financial support for books, child care, transportation, personal or career counseling, or academic tutoring.

Another source of funds for access and retention services is the federal Food Stamps Education and Training 50/50 Program (FS E&T). FS E&T provides dollar-for-dollar matching funds for every nonfederal workforce development dollar spent on any food

stamp recipient. In Washington, DSHS is the designated administrative agency for the program. The Governor should mandate that participating agencies aggressively seek and use this relatively new source of funding.

The first Washington pilot project was implemented in King County and began on October 1, 2005, in partnership with South Seattle Community College, Goodwill, Port JOBS, Seattle Jobs Initiative, YWCA, ESD, and DSHS Region 4. During the first six months, the pilot served 438 participants.

Integrating Basic Skills With Occupational Skills Training Improves Earnings

Few students in adult basic skills programs transition to workforce training. Both state and national research, however, shows that basic skills training is more likely to increase earnings when it is combined with occupational skills training.¹⁰³ For example, a Center for Law and Social Policy (CLASP) report that examined programs in other states found linking basic education, including ESL, with occupational skills upgrading can have a dramatically positive effect on earnings. The report also asserts basic skills and occupational skills instruction could be even more effective if combined with soft skills training to help immigrants understand and advance in the U.S. workplace culture.¹⁰⁴

Since 2003, SBCTC has provided funds to support the “I-BEST” program. For three years, SBCTC funded demonstration projects, defined a model that includes at least 50 per cent overlap of basic skills and vocational instruction, identified best practices, and provided systemwide training on implementing innovative practices. Approved programs can claim enriched funding for full-time equivalent students to offset the higher costs of providing these programs. Plans for 2006 include expanding this integrated model to adult basic education and vocational programs at colleges across the state. Colleges

I-BEST in Action: English as a Second Language Pathway to Licensed Practical Nurse Degree

Renton Technical College has integrated ESL with their Licensed Practical Nurse program. In January 2005, 23 students, including 11 students with a serious interest in nursing and limited English skills enrolled in the ESL Pathway to a Licensed Practical Nurse Degree. The six-quarter program includes three quarters in the ESL Pathway followed by three quarters in the traditional pathway with continued ESL support. The traditional pathway is designed for native speakers with less support but access to ABE and the coordinator. The cohorts merge in summer so that students become one cohort and are transcribed equally. Twenty students have now been employed as Certified Nursing Assistants.

To provide time for language skills support, courses in the ESL Pathway are longer than the traditional pathway but the content is identical. The courses in the first three quarters include Speech, Biology, Language Learning Lab, Introductory Math, Nursing Assistant, Microbiology, and an internship.

Students become Certified Nursing Assistants at the end of three quarters and Licensed Practical Nurses with an Associate of Applied Science degree upon successful completion of the program and licensure exams. Students may then transfer to an Associate of Science Degree in Nursing and then a Bachelors of Nursing Science.

are also examining other ways to link basic and occupational skills training, helping students transition beyond basic education and preparing them for good-paying jobs.

Creating Industry-Based Credentials

Many low-skilled adults who are not employed or who have difficulty retaining work could benefit from gaining a basic “work readiness credential.” Washington is working with the U.S Chamber of Commerce, major national industry representatives, and other states to establish a certification of work readiness for entry-level jobs as defined by employers. The Work Readiness Credential is based on learning standards created by the National Institute for Literacy and focuses on application of knowledge and skills in a variety of work settings and across industries.

Many workers find they must gain more education in order to move up a career ladder. They would benefit from expanded efforts to establish competency-based curricula and assessments. These could provide a vehicle for granting credit based on prior education or skills learned on the job so that workers would not waste time in a classroom on material they already know.

Enhancing Education and Career Guidance

Every two years, the Workforce Board evaluates workforce training programs, asking employers and participants about their satisfaction with how the programs prepared them for work and other measures. One of the consistent responses of students in community and technical college workforce programs (as is the case in most workforce development programs) is that they were not given enough information about job openings or links with career opportunities.¹⁰⁶

Colleges need to provide a systematic way to link all students to career information and work-based opportunities such as internships. Some students are skilled in

navigating the world of work once they leave college, but many need guidance. While campus counselors can provide support, there are too many students to serve. One suggestion is to create a “Navigation 102” in community and technical colleges, adapting the K-12 student-centered planning model for postsecondary education.

Work Readiness Credential

The Work Readiness Credential is certification of work readiness for entry-level jobs as defined by employers.¹⁰⁵

What is the value to employers?

Employers using the credential will reduce recruitment costs, improve productivity, minimize turnover, and lower on-the-job training costs by being able to confidently hire entry-level workers who can:

- Complete work accurately.
- Work in teams to achieve mutual goals and objectives.
- Follow work-related rules and regulations.
- Demonstrate willingness to work and show initiative.
- Display responsible behaviors at work, including avoiding absenteeism and demonstrating promptness.

How will it help jobseekers?

The Work Readiness Credential enables job seekers to demonstrate to prospective employers that they have the knowledge and skills needed for successful performance as entry-level workers. Entry-level workers benefit because the credential:

- Is the first step on a career path.
- Helps entry-level workers identify the skills they need to strengthen their performance on the job and carry out entry-level tasks successfully.
- Provides entry-level workers with the skills they need to actively pursue advancement in the workplace.

“America’s agility gives us an edge in the global race. In the United States, labor markets are flexible, allowing employers enormous agility in hiring, paying, and allocating human resources. But there is a dark side to America’s flexibility. It allows us to get away with under-investment in human capital and makes us a nation divided into education haves and have-nots. Here, the cost of education failure is borne by those with low skills, who are left with few options.”

Anthony P. Carnevale
Education Week¹¹⁰

A final step to make information on financial assistance more available is the creation of a one-stop website that would contain information about traditional and nontraditional student financial assistance—assistance available through workforce development programs.

Improving Articulation and Transfer Between Postsecondary Institutions

Washington has developed an articulation system for accepting course work for students transferring from two- to four-year public postsecondary institutions through the development of statewide articulation agreements. We provide clear pathways for associate of arts to bachelor of arts and associate of science to bachelor of science. While these provide coherent transfer options for many students, many others must repeat coursework or are not aware of courses they need to take in preparation for transfer. Additional statewide agreements between two- and four-year institutions and the development of a course numbering system recognized by all intuitions would help more students transfer efficiently from two- to four-year institutions and between two- and four-year institutions.

Following direction of 2004 legislation, Substitute House Bill 2384, HECB has been working with two-year and four-year institutions to develop further statewide transfer agreements in nursing, engineering, elementary education, and other areas.

For students who complete professional/technical degrees, there are insufficient transfer options. In Washington, only about 5 percent of students with technical degrees transfer.¹⁰⁷ Many students who complete associate degrees in technical fields study in an applied context and carry applied credits from technical programs but may not be able to use these credits for transfer purposes to complete a four-year degree. By offering

baccalaureate level applied degrees, institutions could recognize and grant credit for courses with an applied focus, and this would allow students to obtain additional qualifications when needed.

In 2006, the state Legislature and Governor appropriated \$904,000 to support the development of four applied baccalaureate degrees to carry out legislation passed in 2005.¹⁰⁸ These pilots will provide important information on how to develop more pathways for professional-technical students to advance efficiently along their educational pathway.

Another transfer barrier exists between private career schools and public community and technical colleges. Students attending private career schools trying to enter the public system find they may have to duplicate coursework because the receiving community or technical college only accepts credits from regionally accredited schools, and private career schools that have accreditation are generally nationally accredited.¹⁰⁹ Private career schools must be part of the discussion on articulation and transfer arrangements to ensure that state policy supports all students as they continue their education.

Directing Resources to Frontline Services

A key resource offered by Washington to low-wage or unemployed workers is the WorkSource system. People can go to WorkSource to review job openings and obtain career counseling and other services. The job seeker’s main goal is often to improve their employment and earnings. While this seems obvious, local case managers must juggle a variety of federal, state, and local programs with varying eligibility requirements. This may confound their efforts to assist customers to reach their goals.

Many customers need special services to help them advance and depend on the knowledge and skills of the frontline case managers in WorkSource centers. These managers need regular training and support to keep them current on special services and develop their skills in career counseling.

As we move ahead, we recognize that strategies serving youth and adults with barriers to employment also improve our ability to meet the needs of our employers. The next section outlines the challenges of meeting employer and worker needs and outlines the rationale for these strategies.

What are our Challenges in Serving Industry?

Washington's employers cannot find enough skilled workers. Our higher education system under-supplies new workers with mid-level training from community and technical colleges, private career schools, and apprenticeships. Our four-year colleges and universities fall short of meeting employer demand in technical fields. We provide, relative to other states, little support for employers seeking training customized to their unique needs. The Workforce Board's 2006 Employer Survey found that skill shortages are hurting employers by "limiting output or sales, lowering productivity, and reducing product quality."¹¹²

The Need for Workers With Mid-Level Preparation Surpasses All Other Levels

A persistent and pressing problem for Washington is our failure to provide enough newly prepared workers who receive mid-level preparation—that is at least one year but less than four years of postsecondary education. We are currently meeting only 85 percent of employer demand for workers with mid-level preparation.¹¹³

In 2004, the Legislature directed HECB, SBCTC, and the Workforce Board to conduct a joint assessment of employer needs for postsecondary needs every two years.¹¹⁴ The assessment looks at the gap between the number of forecasted job openings at each level of higher education and the number of workers prepared with the education to meet that demand. Figure I shows the number of workers in demand at each level of higher education compared to the supply.

Employers' greatest need is for workers with mid-level preparation. Based on the latest available data, in 2003-2004 there was a supply of about 26,420 newly prepared workers coming out of community and technical colleges, private career schools, and apprenticeships at this level. Employers, however, will have about 31,070 annual job openings at this level of education in 2010. If we maintain the current rate of participation in mid-level education and training, the

"While the United States already has the highest proportion of highly skilled workers of any advanced society, it also has a very high proportion of low-skilled workers, and relatively few in the middle range of the skills ladder."

New Economy Information Service¹¹¹

FIGURE 1

Annual Supply And Demand For Prepared Workers (by education level*)

	WORKFORCE SUPPLY	ENTRY DEMAND	ULTIMATE DEMAND
Mid-Level Preparation* (includes Associates level)	25,207	30,391	29,729
Baccalaureate.....	22,072	17,593	20,947
Masters.....	7,328	2,376	6,295
Professional.....	1,105	1,580	1,878
Doctorate	657	1,612	1,122
Long Preparation (sum of Baccalaureate-Doctorate)	31,163	23,161	30,242

Source: The Higher Education Coordinating Board, State Board for Community and Technical Colleges, and the Workforce Training and Education Coordinating Board, "A Skilled and Educated Workforce: An assessment of the number and type of higher education and training credentials required to meet employer demand," January, 2006.

*Mid-level supply is based on 2002-2003 data; other levels 2003-2004. Demand is based on the projected annual average number of job openings 2007-2012.

supply will fall short of employer demand. If we are going to avoid this, the Governor and Legislature must change higher education enrollment policy—boosting capacity in mid-level preparation programs above the current participation rate.

At the baccalaureate level, there is basically a match between aggregate supply and demand. There are, however, some baccalaureate programs that are not meeting employer needs. The shortage of baccalaureate prepared workers is concentrated in the areas of health care, computer science, engineering and the education fields of math, science, and special education.¹¹⁵

This labor market analysis of supply and demand for higher education corresponds to the results of the Workforce Board's statewide survey of employers. In the survey, more employers reported difficulty finding job applicants with mid-level postsecondary education than any other level.¹¹⁶

Expanding Apprenticeships

Employers need more workers with apprenticeship training. During 2004 and 2005, new apprenticeship programs were developed in construction, electronics, health care, manufacturing, energy, and other industries.¹¹⁷ Apprenticeships are rigorous programs that combine on-the-job training with classroom study (known as Related Supplemental Instruction or RSI). Apprenticeships are a very attractive option as students can earn while they learn, and studies show that wage and employment outcomes are the highest of all workforce programs.¹¹⁸ It is important that young people are aware of apprenticeship opportunities and how to prepare for them. Since apprenticeship programs can be very competitive, youth should have the ability to prepare for apprenticeship training while still in high school.

Increasing Education and Training Opportunities in High-Demand Areas

Some postsecondary programs prepare participants for occupations that are in high demand by employers. Often these high-demand programs, such as health care, engineering, and computer science are also high cost. With declines in state funding for higher education and funding per student allocated at the same rate no matter the cost of the student's program of study, there is a financial disincentive to expand higher cost programs. One way to expand high-cost, high-demand programs is to provide earmarked funding at an enhanced rate of funding per student.

SBCTC is dedicating 10 percent of the colleges' enrollment enhancement for the 2005-2007 biennium to support high-demand programs. The programs are funded at an enhanced rate of about \$9,000 per student FTE. In the 2006 supplemental budget, the Legislature appropriated \$1,500,000 to SBCTC to increase high demand enrollments by an additional 187 student FTEs. The 2006 Legislature also appropriated \$900,000 to HECB to contract for 80 student FTEs in high-demand fields at the regional colleges and The Evergreen State College, and appropriated additional monies for high-demand programs to the University of Washington (engineering, math, and science) and Washington State University (nursing, engineering and construction management).

Boosting Our Economy Through Workforce Development

Key economic clusters are those in which the market has demonstrated that a region has a competitive advantage over other regions. Examples include software and aerospace in Central Puget Sound and agriculture and food processing in Eastern Washington. By targeting resources, including workforce development, to key clusters, the state can strategically reinforce market success.

Workforce development plays a vital role in supporting economic clusters. Recognizing this, in 2006 the Washington Economic Development Association's three priority issues were each related to workforce development.¹²⁰

Two tools by which the workforce development system supports key clusters are Industry Skill Panels and Centers of Excellence. Industry Skill Panels are partnerships of business, labor, and education and training providers in economic clusters. Panels identify workforce needs in the cluster and find and implement solutions to close the gaps. Since 2000, the Workforce Board has provided funding to establish 41 skill panels.

Centers of Excellence

Since 2004, SBCTC has provided funds to community and technical colleges to establish Centers of Excellence. The centers focus on building education and training programs that meet the needs of key economic clusters. There are now 11 centers in key clusters such as agriculture, allied health, construction, education, energy, homeland security, information technology, and manufacturing. Industry representatives guide the centers, and the centers serve as a resource for workforce development programs across the state.

Construction Center of Excellence

Renton Technical College hosts Washington's Construction Center of Excellence (CCE). CCE is Washington's innovation hub for education and training in construction, a premiere resource for industry, educators, and colleges.

The primary charge of CCE is to serve as a point-of-contact and resource hub for information on industry trends, best practices, innovative curriculum, and professional

development opportunities. CCE also maximizes resources by bringing together workforce education and industry partners in order to develop highly-skilled employees.

Updating Workers' Skills Keeps Workers and Industry Competitive

One of the most effective ways to increase the competitiveness of employers is to provide training customized to the specific needs of employers. Washington, however, in the last national survey, ranked near the bottom in per capita expenditures among the 47 states with customized training.

Washington's investment in customized training has increased but still lags behind other states. The 2006 Legislature increased the appropriation for the Job Skills Program to about \$2.5 million for FY 2007. The Legislature also created a new customized training program with an appropriation of just over \$3 million. As of 1998, based on the National Governors Association survey of states, the average state program was funded at about \$10 million per year.

The Construction Center of Excellence:

- Showcases innovative education offerings at Renton Technical College and other colleges.
- Promotes career pathways within construction, particularly for young people and individuals from under-represented groups.
- Advocates for construction education and career guidance initiatives and policy development.
- Develops products, services, and courses specific to construction education.
- Hosts annual conferences for industry, labor, and education, as well as events for students.

See more at: <http://www.rtc.edu/communityresources/CCE/>.

Key Economic Clusters: A cluster is a geographic concentration of inter-connected companies, specialized suppliers, service providers, firms in related industries, and association institutions (for example, universities, standards agencies, and trade associations) in particular fields that compete but also cooperate.

Michael Porter¹¹⁹

“In today’s volatile economy, few workers can take their job security for granted. A surprisingly large share of American workers and their families have experienced a layoff, according to a recent Work Trends survey conducted by the John J. Heldrich Center for Workforce Development. About 35 percent of workers reported that they or a family member had been laid off from a full- or part-time job in the past three years (30 percent and 5 percent, respectively). More than half (57 percent) said that they or a family member had been laid off from a full- or part-time job at some point in their lives (50 percent and 70 percent, respectively).”

John L. Heldrich, Center for Workforce Development and Edward J. Bloustein, School for Planning and Public Policy¹²³

In addition to more state general fund dollars, another means of expanding customized training is to access WIA funds. The Workforce Board, ESD, and the WDCs will explore applying to DOL for a waiver that would allow WDCs to use some of their adult formula funds to contract for customized training for low-wage incumbent workers in selected sectors. Requirements could be attached to the funding that would require wage increases to follow the training. The state must carefully study the intended outcomes and potential unintended consequences before requesting such a waiver. Misused, a waiver could imply that flexibility alone, rather than more funding, is the answer to insufficient resources, and could lead to reductions in funding for populations in need.

Rapidly Responding to the Needs of Dislocated Workers

If we are successful in upgrading incumbent worker skills, we will have gone a long way to prevent worker dislocation. Worker dislocations will not disappear. Many workers will still lose jobs and experience difficulty in finding new employment at similar wages because they lack the latest skills desired by growing businesses. A study conducted for the Workforce Board found that Washington workers who are dislocated experience a permanent loss of 15 percent of their earnings compared to similar workers who are not dislocated.¹²¹ With a significant number of jobs moving offshore due to globalization, there is greater need to ensure dislocated workers receive education that provides solid employment opportunities.¹²²

The major federal program for dislocated workers, Title III of the Job Training Partnership Act became part of WIA, Title I-B, on July 1, 2000. Washington frequently uses these federal funds in tandem with the state’s Worker Retraining Program

and workers in retraining may be eligible for additional weeks of unemployment insurance under the state’s Training Benefits Program. Federally funded services include rapid response services to employers and workers, providing assistance as soon as pending layoffs are known. Best practices include feasibility studies of options other than closures and layoffs and the establishment of labor-management committees bringing together the resources and perspectives of both parties to plan, oversee, and problem solve. Peers can bring special knowledge and better rapport to dislocated worker counseling. For workers who become dislocated due to plant closings, ESD and WorkSource centers deliver on-site reemployment services.

Supporting Industry Clusters That Offer Opportunities for Advancement

One sign of a healthy economy is a strong middle class, but in recent years the availability of family-wage jobs has declined. A national study comparing job growth during the booms of the 60s and the 90s found a significant difference between the two periods in terms of types of jobs created. During the economic upturn of the 60s, there was a general expansion of occupations for high-, middle-, and low-wage jobs. By contrast, during the 90s there was strong growth in the high- and low-wage jobs, but limited growth in middle-wage jobs.¹²⁴ By boosting our economic clusters that offer a large number of family-wage jobs, we can also provide opportunities for advancement for entry-level workers.

The Seattle Jobs Initiative (SJI), a nonprofit organization, is examining ways of expanding family-wage jobs in Washington. SJI is identifying key economic clusters that provide a large number of family-wage jobs and engaging state agencies and other partners in determining strategies for strengthening and expanding these clusters.

What Are Our Challenges in Integrating Workforce Development Services for Customers?

In 2006, Governor Gregoire challenged the Workforce Board to conduct a review of the workforce development system in order to improve results for customers. Over a period of six months, the Workforce Board met personally with dozens of stakeholders, surveyed hundreds of students and staff, received information from independent consultants, explored best practices in other states, and studied the literature in an extensive search for ideas on how to do things better. While we already have one of the best, if not the best, workforce development systems in the nation, we can do better, and we must do better in order to meet the economic and demographic challenges facing our state.

Many of the ideas we uncovered as part of this review are captured in the strategies included under the first three goals in this plan. In this section, the plan puts forth strategies around better integrating the workforce development system. Most of these strategies are internal to the system, but we must also consider the broader public sector, of which workforce development is a part, and how to better connect workforce development to other parts of state and local government.

Increasing Coordination With Other Education Systems

The Governor's major education initiative, Washington Learns, proposes the establishment of a P-20 Education Council. The Workforce Board supports the creation of a P-20 Education Council and the representation of the Workforce Board's executive director on the council. The council would help secure improved coordination and integration among education partners as well as increased accountability.

There are several policy and coordinating entities focused on education. These include the Department of Early Childhood Education, OSPI, SBCTC, the Workforce Board, and HECB. A P-20 council would enable the development and implementation of shared strategies. The council would be a place where formal agreements could be reached among the partners, and partners in turn could be very visibly held accountable for carrying out the agreements. The agreements would especially be important for improving transition points between "silos"—making P-20 a more integrated system. Representation of the Workforce Board would be critical for ensuring that secondary and postsecondary career and technical education and other training programs are an important part of that integration.

Participating in a Reconstituted Higher Education Coordinating Board

Washington Learns also proposed changes in the membership structure of HECB that would add representation of other agencies and institutions to the citizen representation currently on HECB. If such a change is made, and HECB continues responsibilities for all of higher education, we support the inclusion of the Workforce Board on the newly constituted HECB. Such a change would be most useful, particularly given the assignment of HECB to establish and maintain a comprehensive plan for all of higher education, not just baccalaureate, professional, and graduate programs.

Workforce training is a major part of higher education. Over 180,000 students attend community and technical college workforce education programs, over 28,000 students attend private career schools, and over 11,000 apprentices are in training each year. Including a representative of the Workforce Board on HECB would ensure that a specific

"My trade missions have reinforced my appreciation of the role a skilled workforce plays in economic growth and competitiveness. I believe that Washington State needs the best workforce development system in the country—if not the world. Further, my proposal to create a Department of Early Learning resulted from my desire for a more efficient, transparent, and responsive early learning system. For these reasons, I believe a review is needed to identify ways in which our workforce development system can be improved to better serve our citizens and meet the needs of employers The Board is well suited to look for opportunities to integrate services and eliminate any duplication and redundancy."

Governor Christine Gregoire
March 14, 2006 letter to
David Harrison, Chair of the
Workforce Training and
Education Coordinating Board

voice at the table is focused on programs serving these students and the employers who hire them and addresses barriers separating baccalaureate and sub-baccalaureate education. In addition, many of these students are funded by, and co-enrolled in, other workforce development programs, including WIA and vocational rehabilitation. Workforce Board representation would provide a linkage with workforce development programs that fund, but do not directly provide, postsecondary training.

Developing a New Partnership With Economic Development

Workforce investment is an indispensable economic development strategy in a global economy. Despite this, the connections between workforce and economic development programs are not strong enough. To respond to this situation, the Governor should mandate that the Workforce Board, CTED, and the Economic Development Commission enter into an all new working agreement outlining in detail multiple functions that will be carried out in concert.

State Partnerships

In order to advance a new partnership with economic development, the Workforce Board recommends that the Governor appoint the director of CTED as an ex officio participating official on the Workforce Board. This appointment would enable the CTED director or her representative to advance economic development approaches within the context of workforce system decision-making. The director of DSHS presently serves in such an ex officio capacity. We also recommend that the Governor appoint the executive director of the Workforce Board as an ex officio member of the Economic Development Commission. This appointment would facilitate interagency coordination at the Board, executive director, and staff level.

Regional Coordination

At the regional level, WDCs, economic development councils, community and technical colleges, and local government economic development offices all engage in economic development planning activities. While many areas (for example, Pierce County) have worked out constructive relationships among these entities, more can be done to aid coordination across the state. Workforce and economic development leaders must take a comprehensive look at boundaries and service delivery systems. Much of the desired coordination will take place within sectoral partnership clusters.

Cluster-based Development

A cluster-based approach to workforce and economic development has three distinguishing features.

1. A cluster-based approach focuses on regions that are smaller than states. This approach recognizes that, while we are in a global economy, local regions generate economic growth.
2. It focuses on industry sectors that have demonstrated their competitive advantage in the market place as evidenced by an above average concentration of firms and employment.
3. It encompasses not just the firms within the industry, but also inter-related businesses outside the industry that are suppliers or customers of the industry and other organizations, such as training providers that support the industry.

Public investments in such clusters of opportunity are more likely to pay off than investments in other economic sectors, since clusters have already demonstrated their success in the market. CTED and the Economic Development Commission should work with the Workforce Board and its state and local partners to create an all

new framework for joint cluster investment. This framework will specify how clusters are identified based on ESD and local labor market data, the means by which clusters are targeted and new cluster partnerships are organized, and the funding streams that can be more intensively devoted to clusters. This approach will also align the business assistance efforts of WDCs and Economic Development Councils at the regional and local level with the cluster-supporting training efforts of SBCTC.

Industry Skill Panels

A key component of the cluster-based approach to workforce development are industry skill panels. Industry Skill Panels are regional alliances of employers, labor, and education and training providers in key industry clusters. They work in conjunction with Centers for Excellence organized by SBCTC. The panels assess skill gaps in the industry and design and implement strategies to close those gaps. Washington was the first state in the nation to create a system of such panels and is often looked to as a model, as evidenced by the recent National Governors Association invitation to mentor other states in its Learning Network. Washington, however, has relied on funding from WIA for research and demonstration projects. Skill Panels have been funded exclusively from this source for six years. Such regional skill alliances should become an inherent trait of the system. There are, however, no Skill Panels in many key economic clusters. Providing state general funds dollars would enable the Workforce Board to help establish and sustain Skill Panels in key economic clusters and build on existing work to leverage private investments.

Coordinating Funding

Workforce agencies and CTED operate a number of programs whereby grants are awarded to entities through a Request for Proposal (RFP) or similar process. As noted

above, a new framework must be established to guide coordinated investment, especially to cluster-based initiatives. Examples of these grant programs include Industry Skill Panels, Cluster grants, High-Demand grants, Centers of Excellence, JSP, and WIA Incumbent Worker grants. More could be done to coordinate these efforts so they reinforce one another, creating a synergetic effect. For example, the Workforce Board and SBCTC have coordinated grants for Industry Skill Panels and College Centers of Excellence by including overlapping RFP criteria, consistent timing of applications, and shared review committees.

Coordinating Research

Workforce and economic development entities engage in research regarding the state's economic clusters and needs. At times, this research has taken insufficient advantage of the efforts of other agencies. The Workforce Board, CTED, SBCTC, and ESD should identify common research needs and activities in order to better coordinate these activities. Labor market information services of ESD should be better used by workforce and economic development agencies at the state and local level as a source of how the state's economy is changing and where skill gaps may materialize in the future.

Aligning Local and State Goals for WorkSource

WorkSource, the state's one-stop system for employment and related services operates within requirements established by the federal WIA. WIA requires each state to implement a one-stop system with access to 14 programs that receive federal funding. These programs include the three funding streams of WIA Title I (youth, adults, and dislocated workers) and the Employment Service.

The WorkSource system's governance and accountability structure, mandated by the federal act, is complex. The Governor appoints a state policy board and selects the state administrative and fiscal agent with the assistance of the Workforce Board. The Governor also certifies and decertifies local WDCs, develops the state plan, and sets performance targets for WDCs. Local elected officials appoint the local WDC members for their region who are responsible for local strategic planning, designating the local WorkSource Center Operators, and overseeing the local WorkSource system with the agreement of the local elected officials.

Questions arise as to how to resolve issues between local and state interests. In some instances, there are differences that must be resolved in either the operations of the WorkSource system or its governing policies.

The challenge for the entire WorkSource system is to establish the most effective method of balancing the varying interests that exist at the federal, state, and local levels. The Workforce Board, ESD, and the WDCs must work closely together to develop policies and practices that will serve employers and job seekers in the best possible manner.

It is within this context that the following steps will be taken to improve management accountability for WorkSource services.

Employment Security Department and Workforce Development Council Partnership

The commissioner of ESD should be seen as the Governor's lead and WDC directors should be seen as the local elected officials' lead for directing and overseeing the WorkSource system. ESD's senior leadership team and the WDC directors will work

together to ensure that one-stop operators receive clear direction that is well-aligned between both organizations.

Employment Security Department Role

In exercising its leadership, ESD will use consultative mechanisms such as the WorkSource Executive Operational Committee to form, communicate, and enforce statewide WorkSource operational policies in unison with WDCs whenever possible. ESD will also regularly consult with partner agencies such as DSHS, SBCTC, and the Workforce Board. ESD's role will include clarifying areas where all customers of the WorkSource system benefit from consistent and coordinated services and monitoring to ensure that implementation occurs throughout the state.

Workforce Development Council Partnership Role

WDCs will develop local WorkSource policies consistent with statewide policies and will consult with the ESD senior leadership team, department, and partner agency representatives on WDCs to form, communicate, and enforce local WorkSource policies in unison with ESD whenever possible.

A Team Approach to Service Delivery

Each WorkSource center is administered by a one-stop operator. WIA requires WDCs to select the one-stop operator and provide local-level oversight for the operators. The one-stop operator should ensure that staff from multiple programs work together as part of a multi-agency team. All partner organizations should send clear messages to their staff in WorkSource centers that this is the expectation. Partner organizations should provide direction to their staff in WorkSource centers that is consistent with the WorkSource policies established by the one-stop operator, the WDC, and ESD.

Integrated Budgeting

ESD and WDCs will begin by piloting the concept of an integrated budget working in coordination with partner agencies. They will develop a model by which they and partner programs agree to an integrated, not commingled, budget that can be used by one-stop operators to better manage services and results for customers.

GMAP

Finally, one-stop operators and ESD area directors will report WorkSource center results to the WDC boards and the ESD senior leadership team using a GMAP approach.

Strengthening the Local Workforce Partnership

As stated above, WIA requires states to include 14 programs that receive federal funding as a part of their one-stop system. In addition to the three funding streams of WIA Title I and the Employment Service, these programs include vocational rehabilitation and federally funded (through the Perkins Act) postsecondary workforce education programs at the community and technical colleges. Under state law, Washington requires five additional programs, the largest of which are state-funded community and technical college workforce programs and WorkFirst. The state encourages five additional programs to be part of the system, including apprenticeship and private career schools.¹²⁵

Although WIA requires states to implement a one-stop system, it does not provide earmarked funding. As a result, WorkSource is largely funded by WIA Title I and Employment Service funds that would otherwise be available for direct service. Partner programs provide some resources proportional to their staff presence at WorkSource centers, but the majority of funds come from WIA Title I and Wagener Peyser (the Employment Service operated by ESD).

In addition to securing funds, integrating services from such a large array of programs is a continuing challenge. Some other states have responded to this challenge by consolidating more programs than Washington has into a single agency. Washington has chosen instead a strategy of integrating multiple programs together through the WorkSource system.

As part of the review, the Workforce Board contracted with Social Policy Research (SPR) Associates of Oakland, California, to investigate the extent to which partner program services are integrated in WorkSource. Overall, SPR reports that, “The news from our research is good. We did not find any evidence, from the detailed visits to the six comprehensive centers or the surveys of staff statewide, of disconnected, duplicative workforce development services that gave rise to the one-stop movement and the enactment of the Workforce Investment Act (WIA).” SPR found a number of features that helped integration at most sites—interprogram management and staff teams, cross training, and strong personal relationships. SPR’s report does, however, suggest certain areas where integration could be improved.

SPR found that Washington’s workforce system can benefit from more visibility and participation by DVR, ABE, Job Corps, and Senior Community Service staff. A major barrier to the presence of more staff from these and other programs is financial constraints. In order to have more staff at the WorkSource centers, partner programs would need to contribute more money for WorkSource infrastructure and operations. The partner programs, however, have commitments to existing facilities in other locations. This challenge goes back to the underlying problem that while mandating a one-stop system, WIA does not provide funding for infrastructure or operations integration.

To advance the integration of services, the workforce development system will take the following actions.

- ***Coordinate state directives and agreements***

The Workforce Board will coordinate the development of statewide agreements on integration among partner agencies and programs. The agreements will indicate what partner agencies and programs will do to advance the integration of workforce development services. The goal of this effort is to foster stronger relationships between local partners. The agreements may take various forms depending on the nature of the issue being agreed to. Some agreements might best be included as part of a new Executive Order from the Governor. Others might best be included in a Memorandum of Understanding among partners. Other agreements still might result in statutory or budgetary language. Some of the following recommendations would be appropriate to include in such agreements.

- ***Colocate WorkSource centers and establish affiliate sites on more community and technical college campuses***

One promising practice for increased program integration is emerging at North Seattle Community College where WorkSource staff are located on the college campus with the support of state dollars. This colocation helps integrate the services of the college and WorkSource and is also addressing the lack of federal funds for one-stop infrastructure. The state should explore funding for the colocation of WorkSource staff on additional community and technical college campuses, including some complete centers and more affiliate sites. At the same time, community and

technical college staff should be colocated at more WorkSource Centers in order to improve WorkSource participant access to community and technical college services and information.

- ***Common assessments***

One of the reforms initiated by last year's review of WorkFirst is the use of common assessments of participant needs and abilities so that programs do not waste staff and/or participant time and other resources by duplicating information. Other workforce development programs should expand upon WorkFirst's use of common assessments. The first step will be the common use of CASAS as the assessment instrument of adult basic skills. Within a year, ESD's policies for WIA should include this requirement.

- ***Enhance SKIES***

The management information system for WorkSource is SKIES. SKIES has helped to integrate ESD administered programs that are part of WorkSource, including WIA Title I, the Employment Service, Veterans, Trade Adjustment Assistance, and WorkFirst Employment Services. These programs use SKIES for reporting purposes. However, not all these and other programs available through WorkSource use SKIES for case-management purposes. WorkFirst staff must reenter all data in the DSHS data base. Thus, while SKIES has gone a long way toward facilitating integration, more can be done. In addition, the "swipe card" technology used by WorkSource to record all customers who come in the door is not compatible with SKIES and will not provide the data on self-service participants that DOL requests for future reporting. ESD and the WDCs will complete an agreement on expanding SKIES usage.

- ***Align eligibility criteria***

Some workforce development programs serve very specific populations. For example, DVR serves people with disabilities where the eligibility criteria for participation is understandably unique. There are other programs, however, that serve very similar populations where the differences in eligibility requirements are not so distinguishable, e.g., programs that serve dislocated workers.

There are five major workforce development programs that serve dislocated workers—the Worker Retraining program, the Training Benefits program, the WIA Dislocated Worker program, the Trade Adjustment Act, and Trade Adjustment Allowance. While the last three programs are controlled by federal eligibility requirements, the first two programs are state defined. The Workforce Board should coordinate an interagency staff group to examine the eligibility requirements of the dislocated worker programs and identify if the state can make changes to better align the requirements.

- ***Pilot colocation of Labor and Industries at WorkSource centers***

As defined by state statute and Executive Order, L&I is not a part of the state workforce development system, with the exception of apprenticeship. Workers' Compensation Vocational Rehabilitation, however, provides services to help injured workers return to the labor force. Many of these services—assessments, counseling, job training, and job search assistance—are the same types of services provided by many programs that are defined as part of the workforce development system. Recently, Pacific Mountain WorkSource and L&I announced plans to locate L&I vocational rehabilitation staff at the WorkSource center in Thurston County.

This is an excellent initiative and should be expanded to at least two other sites in the state so that the concept can be pilot tested. Also, L&I and the State Apprenticeship Council should continue to encourage apprenticeship programs to have staff available at WorkSource centers throughout the state.

- ***Serve people with disabilities***

People with disabilities are an under-utilized human resource. As of 2004, 52 percent of people with disabilities were in the labor force compared to 83 percent of people without disabilities. With the aging of the baby boomer generation into retirement and the slowing growth of the labor force, Washington can not afford to leave this valuable population under utilized.

There are two workforce programs that focus exclusively on serving people with disabilities—DVR at DSHS and DSB. In addition, the Workers Compensation program at L&I provides vocational services to injured workers and the Governor's Committee on Disability Issues and Employment at ESD advocates for increased opportunities for employment and independence for people with disabilities. All workforce development programs, however, include people with disabilities among those they serve. As the Workforce Board's research has consistently shown, the results of these programs tend to be lower for people with disabilities than for other program participants.

To improve results for people with disabilities, DVR at DSHS will be designated to form and coordinate an interagency workgroup to develop new action steps.

- ***Improve coordination of job development and job referrals***

One of the premises of DOL programs is that they serve two customers—job seekers and employers. This is a change from the past when DOL programs were focused almost exclusively on job seekers. Consistent with this change, WorkSource centers have organized themselves to better serve business customers, generally adopting an account representative model with a single point of contact for each business customer. SPR reports that employers generally have high praise for these services, however, employers report no notable increase in the quality of job applicants than in the past, and Workforce Board research shows that employer satisfaction is correlated with the extent to which WorkSource screens referrals.

SPR's report explains that WorkSource job seeker staff have a natural tendency to advocate for their clients and may sometimes refer less than desirable job candidates to employers. At least one WorkSource center addressed this situation by having the business team control all referrals. The team provides specific training to job seekers on how to meet employer requirements. Another suggestion coming from the business community is that SKIES should record additional data of interest to employers, such as job titles and whether or not job seekers have obtained industry certifications.

When the WDCs were created by Executive Order in 1999, one of their assignments was to "Provide for a coordinated and responsive system of outreach to employers." Despite this, reports from the field indicate that the situation continues—multiple government programs knock on employer doors

asking them to list job openings with them. In some communities it may make sense to have multiple programs directly seeking job listings, but these efforts must be efficiently coordinated. In light of this, the WDCs will redouble their efforts to coordinate job development with employers.

- ***Establish integration as a WorkSource certification criteria***

Under both the House and Senate-passed bills reauthorizing WIA, the authority to set certification criteria for one-stop centers moves from the WDCs to the state Workforce Board. ESD will work with the WDCs to ensure integration becomes an operational reality. The Workforce Board and ESD will develop service integration as a major criteria for WorkSource certification. This authority will become an important new tool for the state to ensure that WorkSource integrates services from multiple programs.

- ***Use plan approval authority to support integration***

The Workforce Board has some additional tools that it can apply to ensure that integration occurs. The Workforce Board has the authority to approve WDC strategic plans and the state Carl Perkins plan. The Workforce Board also has the responsibility to review the operating plans of the state agencies represented on the Board. The purpose of these reviews is to ensure consistency with the comprehensive state plan, *High Skills, High Wages*. The Workforce Board will take advantage of these tools to ensure the state continues to make progress on service integration through WorkSource. At the same time, ESD has the responsibility to review the operational plans of the WDCs, and must take advantage of this tool to also advance service integration.

- ***Expand performance accountability for integrated services***

A long-standing issue in service integration has been the proliferation of performance measures for workforce development programs. Each program has its own measures, and seemingly straightforward measures such as employment rate are defined and measured differently from one program to another.

This problem was recognized when the Workforce Board was created. Its authorizing statutes directed the Workforce Board to establish consistent standards for evaluating results across workforce programs. The Governor and Legislature believed that the Workforce Board could neutrally and objectively perform this function since the Board does not operate programs. The major agencies that do operate programs are equally represented on the Board, and a majority of Board members are from the private sector, not the agencies being held accountable.

The Workforce Board proceeded through a long and elaborate consensus process among workforce programs to identify five state core measures. The measures pertain to training completion, employment rate, earnings level, participant satisfaction, and satisfaction of employers who hire program participants. The measures are designed to inform policymakers and top program officials on how well programs are achieving these fundamental results. In addition, the Workforce Board designed a measure of the state-wide skill gap—the difference between the supply of workers being trained each year and the number of job openings requiring skilled workers.

Recognizing the Workforce Board's accomplishment in performance measurement, DOL asked the Workforce Board to lead the 50 states to design the next

generation performance measurement system. The end product is Integrated Performance Information (IPI) for Workforce Development: A Blueprint for States. The IPI Blueprint includes recommended performance measures similar to, but somewhat different than, Washington's core measures.

In order to construct valid and reliable measures with lasting results, and in order to design measures that can be applied in the same manner across programs, it is necessary to have lagged measures whereby the results are not known for a substantial time after service is completed (about one-and-a-half years for employment and earnings). The state core measures, therefore, do not satisfy the need for consistent real-time measures that program managers can use to make changes to improve results on a monthly or quarterly basis.

DOL recently attempted to address the lack of consistency in performance measures across programs by designing and requiring its own version of "common measures" for DOL programs. Other federal agencies, such as Education and Health and Human Services, however, do not use DOL's measures. DOL measures do not fill the need for real-time measures.

ESD has instituted performance measures as part of the Governor's GMAP initiative. ESD's GMAP measures include real-time measures of the results in filling employer job orders plus additional lagged measures of employment and earnings.

Congress is currently considering legislation to reauthorize WIA (each house has passed a different bill), and in July, Congress passed a conference report to

reauthorize the Carl Perkins Act. Among the many changes, proposed and final, are changes to the performance measure requirements. Depending on how the conference on WIA turns out, the federal legislation may enable states to put the IPI measures in place. The federal legislation, however, will still not address the need for real-time measures.

In the end, the proliferation of performance measures has caused confusion and skepticism among program staff, and they continue to desire consistent real-time measures that can be applied across workforce development programs. This need for real-time measures of participant results (i.e., measures without a long lag between the end of service and reporting the result) is not acute for education programs since they do not change based upon the latest monthly or quarterly results. It is acute, however, for the WorkSource system.

Given all these considerations, the Workforce Board and ESD will take the following steps:

- ***Reevaluate the state core performance measures***
Following the reauthorization of WIA, the Workforce Board will join its partners in a full scale review of the state core measures to determine if any changes are warranted. The Workforce Board's review will consider the federal requirements in WIA and Carl Perkins, the IPI measures, and the goal of reducing the total number of performance measures for workforce development programs while maintaining valid, reliable, and consistent measures of lasting results.
- ***Reexamine the WorkSource performance measures***
ESD and the Workforce Board will

reexamine the relationship between the measurements that each requires from WorkSource to determine how to simplify the measurement system.

- ***Reconsider the skill gap measure***
The Workforce Board will, in collaboration with ESD's Labor Market and Economic Analysis Unit and other partners, reconsider the measure of the skill gap for possible enhancements, such as measuring the gaps in key economic clusters.
- ***Develop a workforce tracking matrix***
The Workforce Board will regularly develop and publish a "Workforce Tracking Matrix" that shows workforce development programs' funding, services, and results.

State Structural Changes

As part of the review, the Workforce Board considered what if any structural changes should be made to Washington's workforce development system. Some of the structural changes recommended by the Workforce Board have already been discussed, for example changes that will enable better linkages with economic development and changes that will improve management accountability for WorkSource.

The Workforce Board reviewed the steps taken by other states to make their workforce development systems more efficient and effective—best in class examples from six other states. Among these were examples of consolidating multiple workforce programs under single agencies. In Washington, we have already taken steps toward program consolidation that other states have only recently begun and that are still absent in other states. For example, Washington has located all DOL employment and training programs in a single agency—ESD. Washington has located the programs that

actually provide (not just pay for) adult occupational skills training and basic skills instruction under SBCTC.

Washington has also undertaken steps to improve the coordination and integration of programs that are administered by different agencies. WorkSource was created to integrate services from over 14 different workforce development programs. In 1997, the last time the Workforce Board was charged with leading a review of the workforce development system and asked to consider whether programs should be consolidated, it concluded that, “While consolidation might streamline administration in the long-run, the Board believes that much of the purpose of such consolidation may be served by the implementation of a one-stop career center system. The Board believes that one-stop should first be given a chance to demonstrate its ability to improve the efficiency of employment-related services now administered by different agencies before resorting to the consolidation of employment-related services into a single agency.” The Workforce Board’s independent consultant found the current extent of integration achieved by WorkSource to be good.

For this review, the Workforce Board considered additional consolidation options. For example, the Bush Administration is proposing giving states the option of consolidating the three funding streams of WIA and the federal Wagner-Peyser funds for the Employment Service. Such consolidation, however, has historically led to reduced funding, and even if funding were not reduced, consolidation inevitably leads to funds being taken from one under-funded population and given to another.

The Workforce Board understands that there are other options for the placement of DVR. Based on a more comprehensive

review of other states, the Workforce Board could potentially recommend moving DVR from DSHS to another agency. Currently, 75 percent of DVR’s clients, however, have either developmental disabilities and/or mental health disabilities and benefit from DVR’s location at DSHS where those other divisions are housed. Again, however, improvements can be made and as mentioned earlier, the Workforce Board recommends that DVR lead an interagency workgroup to improve services to and outcomes for people with disabilities.

A rationale underlying state efforts at program consolidation, coordination, and integration is to unite workforce development programs around common goals. When the Workforce Board was created in 1991, it was given the statutory assignment of developing a comprehensive plan for the system, including, “goals, objectives, and priorities for the state training system.” This plan, *High Skills, High Wages: Washington’s Comprehensive Plan for Workforce Development*, guides the system. The plan also identifies the goals for the system and the assignments that each agency has committed to carry out in order to achieve those goals. The 1991 enabling law also granted the Workforce Board the role of establishing standards for performance measurement and measuring the results of the workforce development system.

The Workforce Board was established as an independent entity that did not operate programs, helping it perform the role of a neutral coordinator of programs and evaluator of results. The Workforce Board was assigned to function at the strategic level, leaving the day-to-day, month-to-month administrative decisions to the operating agencies. And most importantly, the Board was designed as a tripartite partnership of business, labor, and government with the business and labor customers of the system holding a super

majority of the votes. These essential features of the Workforce Board still make sense and provide the best assurance that the system serves its customers.

The Workforce Board has functioned well as a neutral convener and coordinator for broad policy direction and it serves effectively as a program evaluator. The Board has generally not acted as an operator or manager of specific programs. In order to build on these strengths and to broaden the coordination of workforce development programs the Workforce Board offers the following recommendations:

- ***Add workforce development programs to the Workforce Board's planning and performance measurement responsibilities***

The definition of which programs are part of the workforce development system is set by state statute and Executive Order. Eighteen programs currently meet this definition. There are other programs, however, that provide employment-related services. The largest of these is WorkFirst. Other workforce programs are created periodically by the Legislature without adding them to the definition of the system, even when they are very similar to programs that are defined as part of the system. A prime example of this is the newly created Customized Training program at SBCTC.

The recommendation is to add these two programs to the Workforce Board's considerations on an affiliate basis. This would enable the State Comprehensive Plan for Workforce Development to include these programs in the strategies that help coordinate the system. For example, if the plan laid out strategies

pertaining to JSP and to WIA Incumbent Worker Training (both of which provide customized training for employers) it could also include the Customized Training program, a program providing similar publicly funded training.

Adding these programs on an affiliate basis would also enable the reporting of these programs' results in a manner that is consistent with how the Workforce Board measures the results for all other major workforce development programs. The idea, however, is not to add these programs to the Board's responsibilities for program monitoring.

- ***Appoint a WDC director to the Workforce Board***

When Governor Locke reviewed the membership of the Workforce Board, he identified some desirable changes. DOL, however, maintains that any change in a workforce board's membership triggers the make-up required in WIA. In Washington, this would mean that the Board would have to expand from nine voting members to approximately 35 members and lose the tripartite business, labor, and government partnership. As a result, Governor Locke's Executive Order added two positions as nonvoting participating officials—the Secretary of DSHS and a representative of local elected officials. The local representative position is currently vacant. The Board recommends that the Governor appoint a WDC director to fill this vacant position. This appointment would improve state-local coordination and reinforce the role of WDCs as counterparts to the state Workforce Board at the local level.

- ***Clarify the roles of the Workforce Board and the operating agencies***

The Workforce Board was created to empower its business and labor customers to strategically guide the workforce development system in partnership with the operating agencies, evaluate the results, and provide policy advice to the Governor and Legislature. The Board sets policy goals (the “what”); the operating agencies determine and implement programs to achieve those outcomes (the “how”). The Board’s core functions do not include direct retail service to employers, workers, students, or job seekers—that is the role of the operating agencies. The Board and its staff do not train anyone. The Workforce Board, however, does help move the system forward by incubating new ideas (for example, the Work Readiness Credential) that require coordination across partners. Once such ideas are fertilized and off to a healthy start, the management of the service is transferred to one of the partners.

Another example of the division between the strategic role of the Workforce Board and the operational role of the other agencies is the approval of WDC plans. The Workforce Board is charged with recommending to the Governor the approval of WDC strategic plans. These plans span the multiple programs of the workforce development system and include systemwide goals, objectives, and strategies agreed to by business, labor, and agency representatives on the WDCs. ESD is charged with recommending for Governor approval WDC operational plans for WIA Titles I and III. These plans are program specific and detail direct services carried out by these programs in line with the broader strategic plans of WDCs.

In terms of WorkSource, ESD should continue to be the state administrative agency and operational lead, working collaboratively with other agencies that deliver program services as a part of WorkSource. While the Workforce Board’s role is not that of an administrative agency, its role does include reviewing WorkSource for consistency with the state’s overall comprehensive plan, *High Skills, High Wages*.

- ***Collaborate across agencies***

As directed by the Board and agency directors, staff implement the strategies designed to create a high skill, high wage workforce that meets employer needs. Many of these strategies require collaboration across agencies. It is critical that staff ceaselessly endeavor to work cooperatively to benefit the customers of the system. There must be a norm of reaching across silos to involve all partners, together seeking the best answers to common issues. For example, the staff of the Workforce Board and ESD must continue to collaborate in reviewing the strategic and operational plans of the WDCs. In order to allow flexibility to meet local needs, the state has permitted the WDCs some discretion as to which elements they place in which plan (strategic or operational). This means that the two state agencies must work productively together during the plan review process. Workforce Board and ESD staff will work together with the WDCs to have a non-duplicative, streamlined plan development and approval process, including the negotiation of performance targets.

- ***Enhance the use of the Interagency Committee***

The Workforce Board regularly convenes an Interagency Committee (IC) of program, business, and labor representatives. Some of the individuals report to principles who serve on the Board. Others are representatives of workforce programs that do not have representation on the Board. The IC has served mainly as a vehicle for communicating Board agenda items to stakeholders, previewing issues that will be heard at Board meetings.

Other states make much more extensive use of similar bodies. They often serve as a place to coordinate activities of multiple programs. In line with this, the Workforce Board should create a new charter for the IC, which outlines ways to elevate the level of engagement to better serve the Board and advance program coordination on an on-going basis, in addition to the important functions of developing and previewing agenda items for Board meetings.

END NOTES

¹Non-farm, also known as non-agriculture, employment includes private and government industries. Private industries include goods-producing and service-providing industries. The major sectors in goods-producing industries include natural resources and mining, construction, and manufacturing. The major sectors in service-providing industries include trade, transportation, and utilities, information, financial activities, professional and business services, education and health services, leisure and hospitality, and other services.

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³⁸Workforce Board calculation based on Washington State Population Survey, 2000, OFM.

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⁴¹In this report, the term “labor force” is used synonymously with the term “workforce” and refers to the civilian non-institutional labor force, which is comprised of individuals aged 16 or over who are currently employed (either part-time or full-time) or who are actively seeking employment. Individuals who are in nursing homes, prison, or the military (referred to as the institutional population) are not considered to be either in the civilian labor force or part of the base population from which the labor force is drawn. Other individuals who are not in the civilian labor force are those who are not employed and not seeking employment. Common reasons for not being in the labor force include retirement, ill health or injury, attending school, or doing housework at home.

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⁸⁴WAC 180-51-061 lays out the minimum requirements for graduation. These include a "High School and Beyond Plan" also known as the Thirteenth Year Plan. The WAC states that, "Each student shall have an education plan for their high school experience, including what they expect to do the year following graduation."

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¹⁰⁵Adapted from the U.S Chamber of Commerce, Center for Work Preparedness, and Equipped for the Future’s Work Readiness Credential brochure.

¹⁰⁶*Workforce Training Results 2006*, Workforce Board.

¹⁰⁷Loretta Seppanen, “The New Transfer Student: Students Completing Job Preparatory Programs With a Transfer Goal,” **presenting to** SBCTC, Board Meeting, January and February 2002. (A small number of students [about 250 per year] transfer from two-year to four-year institutions with technical credits based on individual articulation agreements. These are concentrated in particular programs [such as Associate Degree Registered Nurse] that can articulate with a Bachelors of Science in Registered Nursing.)

¹⁰⁸Engrossed Second Substitute House Bill 1794, passed in 2005, directed SBCTC to work with four community and technical colleges to develop options for applied baccalaureate degrees as transfer options for students with professional/technical associate degrees.

¹⁰⁹Ronald Phipps, “Transfer of Credit from Nationally Accredited to Regionally Accredited Institutions,” *Career Training Foundation*, December 2001, and Gena Wikstrom, Executive Director, Washington Federation of Private Career Schools, **personal**

interview.

¹¹⁰Anthony P. Carnevale, “Education and the Economy: If We’re So Dumb, Why Are We So Rich?” *Education Week*, February 2, 2005.

¹¹¹“Learning Partnerships: Strengthening American Jobs in the Global Economy, A Report of the Task Force on Workforce Development,” *Albert Shanker Institute, New Economy Information Service*, 2004.

¹¹²*What Employers Need*, Workforce Board, 2006.

¹¹³“A Skilled and Educated Workforce: An assessment of the number and type of higher education and training credentials required to meet employer demand,” HECB, SBCTC, and the Workforce Board, January 2006.

¹¹⁴2004 Legislation, House Bill 3103, directs the three agencies to conduct “an assessment of the number and type of higher education and training credentials required to match employer demand for a skilled and educated workforce. The assessment shall include the number of forecasted net job openings at each level of higher education and training and the number of credentials needed to match the forecast of net job openings.”

¹¹⁵“A Skilled and Educated Workforce: An assessment of the number and type of higher education and training credentials required to meet employer demand,” HECB, SBCTC, and the Workforce Board, January 2006.

¹¹⁶*What Employers Need*, Workforce Board, 2006.

¹¹⁷Annual Reports 2004 and 2005, Washington State Apprenticeship and Training Council.

¹¹⁸*Workforce Training Results 2006*, Workforce Board.

¹¹⁹Michael E. Porter and Debra van Opstal, U.S. Competitiveness 2001: Strengths, Vulnerabilities and Long-term Policies, *Council on Competitiveness*, 2001.

¹²⁰The Washington Economic Development Association’s three priorities for the 2006 legislative session: Creating customized workforce trainings programs, Offering tax credits to employers for providing training, and increased funding for workforce training programs, www.wedaonline.org/leg_affairs/legislative_positions.asp

¹²¹“Net Impact Evaluation of Retraining Under ESHB 1988,” Westat, Inc, 1997.

¹²²For a discussion on outsourcing and globalization see Chapter One: Tomorrow’s Economy.

¹²³“Getting Back to Work: New Public Private Strategies or Laid-Off American Workers,” John L. Heldrich Center for Workforce Development, Edward J. Bloustein School of Planning and Public Policy, Rutgers, The State University of New Jersey, December 2004.

¹²⁴Eric Olin Wright and Rachel E. Dwyer, “The patterns of job expansion in the USA: a comparison of the 1960’s and the 1990’s,” *Socio-Economic Review*, Vol. 1, 2003.

¹²⁵The additional programs required by the state to be a partner in WorkSource are: the Claimant Placement program, state-funded postsecondary CTE, the Worker Retraining program, WorkFirst, and English as a Second Language. The additional programs encouraged by the state to be a partner in WorkSource are: apprenticeship programs, literacy programs, AmeriCorps/Washington State Service Corps, Tech-Prep consortia, private career schools, and other programs identified by the WorkSource Regional



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